Oregon

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

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For the Fiscal Year Ended June 30, 2015

Kate Brown
Governor

Clyde Saiki
State Chief Operating Officer
Director, Department of Administrative Services

George Naughton
State Chief Financial Officer

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Year Ended June 30, 2015

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Introductory Section

Oregon
Kate Brown, Governor

Department of Administrative Services
Chief Financial Office
155 Cottage Street NE U10
Salem, OR 97301

January 07, 2016

To the Honorable Governor Kate Brown, and Citizens of the State of Oregon:

We are pleased to provide you with the Comprehensive Annual Financial Report of the State of Oregon for the fiscal year ended June 30, 2015. This report is published to fulfill the requirement for annual financial statements in Oregon Revised Statute 291.040.

This report consists of management's representations concerning the finances of the State of Oregon (State). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the State has established a comprehensive internal control framework. The framework is designed to protect the State's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the State's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the State's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the information presented is accurate in all material respects.

The Secretary of State Audits Division, the constitutional auditor of public accounts in Oregon, audited the State's financial statements for the fiscal year ended June 30, 2015. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. Based on the audit, the auditors concluded the financial statements for fiscal year 2015 are fairly presented in accordance with GAAP. The audit report is the first component in the financial section of this report.

The audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the needs of federal agencies that provide aid to the State. The standards governing single audit engagements require the auditor to report on the State's internal controls and compliance with legal requirements, particularly as they relate to federal awards. This information, also prepared by the Audits Division, will be available in a separately issued report on or about March 31, 2016.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A should be read in conjunction with the letter of transmittal.

Profile of the Government

The State provides services to Oregon's citizens through a wide range of programs, including education, human services, public safety, economic and community development, natural resources, transportation, consumer and business services, administrative support, legislative support, and judicial services. Oregon's primary government as reported in the accompanying financial statements consists of approximately 90 state agencies. In addition to the primary government, seven entities are reported as discretely presented component units to emphasize that they are legally separate from the State. See Note 1 to the basic financial statements for a more detailed discussion of the reporting entity.

Oregon's Legislature adopts a budget on a biennial basis, where the biennium begins July 1 and ends June 30 of each odd-numbered year. This biennial budget serves as the foundation for the State's financial planning and control. Appropriation bills approved through the legislative process include one or more appropriations that may be at the agency, program, or activity level. Accordingly, the legal level of budgetary control is at one of these various levels depending on the Legislature's view of the activity. Legislative approval is required to transfer expenditure authority between appropriations. Management can reallocate within an appropriation

without legislative approval. The following budgeted appropriated fund types have been established to account for the State's budgetary activities: general funds, federal funds, lottery funds, and other funds. See the notes to the required supplementary information for additional information about the budget process and budgetary monitoring.

Local Economy

The pace of improvement in Oregon's labor market continues to be full throttle. Job growth has slowed a bit from rates seen earlier in 2015, but remain north of three percent over the past year. Population growth is accelerating as the migration flows return along with an improving economy and many new residents arrive unemployed, or in search of work. It takes time – an adjustment period – for a regional economy to absorb and integrate an influx of new job seekers. This is one reason why Oregon's unemployment is higher than the nation's. While the total number of jobs in Oregon has never been higher and is nearly 50 thousand above pre-Great Recession levels, it has yet to catch up with underlying population growth. However, the gap is closing quickly. Today's pace of job gains – approximately 4 thousand per month – is double what is needed to keep up with population growth. By this time next year, if the State's forecast comes to pass, employment in Oregon will have fully caught up to the population gains since the onset of the Great Recession.

These job gains and overall improvements are now translating into stronger wage gains for the average Oregon worker with better wage growth than the typical state. While Oregonian income and wages are below the average state, average wages today in Oregon are at their highest relative point since the severe early 1980s recession when the timber industry restructured. Much of this improvement has come in the past two to three years when Oregon wage growth, much like job growth, has outstripped the average state. While there remains much room for improvement in average income levels in Oregon, wages have not been this high, relatively, for more than a generation.

Overall the Oregon economy is within sight of nearing full employment. Job growth is strong enough to absorb the new workers and bring down the unemployment rate. Wages are increasing much faster than the typical state, and population gains are bringing increased demand for local services, including housing.

The development of the software industry within Oregon in recent years is a welcomed addition. While the State has long been a leader in hardware – computer and electronic product manufacturing in particular – the software side of the sector is approximately the same size as in the typical state. Starting from a relatively low base, software jobs in Oregon are booming, bringing in new firms, new investment, and more jobs.

Currently, six major industries, which account for 51 percent of statewide jobs, are at all-time highs. Private sector education, health, and food manufacturing never suffered recessionary losses – although their growth did slow during the recession. Professional and business services, leisure and hospitality, and retail trade have each regained all of their losses and are leading growth today.

Spending on education as reported by the State's governmental funds during fiscal year 2015 increased $281.6 million, or 6.4 percent, compared to fiscal year 2014 and over the last ten years, education spending has increased 30 percent. Human services spending by the State's governmental funds was up $1.7 billion, or 16.7 percent, compared to fiscal year 2014, but is more than double the amount spent in fiscal year 2006. Governmental fund expenditures for natural resource programs in fiscal year 2015 increased $65.4 million, or 9.5 percent, compared to fiscal year 2014, and are 39.3 percent higher than in fiscal year 2006. Spending on capital improvements in fiscal year 2015 decreased $14.6 million, or 16.5 percent from fiscal year 2014, and is down 42.1 percent from fiscal year 2006. Public safety expenditures decreased $8 million from fiscal year 2014, or 0.6 percent, however compared to fiscal year 2006, public safety expenditures have grown 30.1 percent. The slower growth rate in expenditures for education and public safety, when compared to human services, reflects the continued demand for safety net programs as Oregon emerges from the recent recession, as well as opportunities to use state debt to spur economic growth. Governmental fund expenditures related to debt service, for example, have increased as the State expands its use of low-cost capital financing. Debt service expenditures in fiscal year 2015 were 75.2 percent larger than fiscal year 2006 debt service expenditures.

During this same ten-year period, tax revenues, while increasing in amount overall, decreased 8.8 percent as a percentage of total governmental fund revenues. The reason for this decline is the relative increase in governmental fund expenditures for federally supported programs (e.g., human services) versus governmental activities funded by taxes. As a percentage of total revenues, federal revenues are 12.3 percent higher than they were ten years ago, evidence of the State's continuing reliance on federal assistance programs.

Long-term Financial Planning

Budget for the 2015-17 Biennium

The legislatively adopted budget for the 2015-17 biennium is $69 billion total funds, an increase of $2.9 billion from the 2013-15 legislatively approved budget of $66 billion, or a gain of 4.4 percent. The increase between the two biennia is largely due to the authorization to spend $2.1 billion more in General Fund in the 2015-17 biennium than was spent in 2013-15. This 13.2 percent increase in General Fund expenditures continues a recent trend of biennial double-digit percentage increases. With the exception of the 2011-13 biennium, when the total funds budget was actually lower than in the previous biennium, the total funds budget percentage increase for the 2013-15 biennium is the lowest since the 1987-89 biennium. The relatively slight growth in the total funds budget is primarily due to a 4.6 percent reduction in Other Funds and to another relatively recent trend of Other Funds Nonlimited increases between the adopted and approved budgets due to bond refundings to capture low interest rates. Nonlimited increases totaled over $2 billion between the 2013-15 biennium adopted and approved budgets, mostly due to bond refundings.

Lottery game earnings are forecast to grow 6.4 percent over the 2013-15 biennium level. The broader measure of total Lottery resources, which includes the beginning balance and reversions, is forecast to total $1.2 billion in the 2015-17 biennium, an $89.9 million (or 8.4 percent) increase over the 2013-15 biennium level. This will represent the first increase in biennial lottery resources following three biennia of declines. After a period of rapid growth earlier in the decade, lottery resources declined by 22.4 percent during the 2009-11 biennium, followed by smaller declines in the 2011-13 and 2013-15 biennia (0.4 percent and 1.7 percent, respectively). Even with the growth projected for this biennium, resources in the 2015-17 biennium will be 17.6 percent below the 2007-09 biennium peak. Although the Office of Economic Analysis anticipates that lottery resources will continue to grow going forward, it is not forecasting a return to the rapid growth rates that occurred early last decade when video lottery games were expanded. Total biennial lottery resources are not forecast to exceed the 2007-09 biennium peak level until the 2021-23 biennium.

The December 2015 economic and revenue forecast projects $18 billion of General Fund gross revenues for the 2015-17 biennium. The projected General Fund ending balance for 2015-17 is $299 million. General Fund resources are forecasted to increase by 11.9 percent in the 2015-17 biennium and 9.2 percent in the 2017-19 biennium.

General Fund Debt

The 2015 Legislature approved $1.1 billion in General Fund debt. The amount includes: $345.8 million of Article XI-G bonds for post-secondary education and the Knight Cancer Institute at Oregon Health and Science University (OHSU), $352.4 million in Article XI-Q bonds for projects owned or operated by the State, $35.5 million of Article XI – Section 7 bonds were authorized for highway safety projects, $207.3 million in Article XI-M and Article XI-N seismic bonds for schools and emergency services buildings, and $126.2 million in Article XI-P bonds that provide matching grants to school districts for capital projects.

For the first time in several biennia, the Legislature approved $30.5 million in Article XI-I bonds. These bonds will be issued to fund loans for water development projects.

General Fund debt service for approved projects is estimated to be $12.4 million in the 2015-17 biennium.

Lottery-backed Debt and Other Direct Revenue Bonds

The 2015-17 biennium legislatively adopted budget authorizes new lottery revenue bonds at a reduced level compared to the prior biennium. New lottery revenue bond authorizations are 8.2 percent below the amount approved in the 2013-15 biennium budget; however, approximately 24.5 percent of the bonds authorized for 2013-15 were not issued. As a result, lottery revenue bonds authorized in the 2015-17 biennium represent a 21.6 percent increase over the amount actually issued during the prior biennium.

The 2015 Legislature authorized a total of $201.8 million of lottery revenue bonds to generate $180.2 million of lottery bonds proceeds for identified projects, and to pay associated bond-related costs. There is $12.9 million in remaining capacity for the biennium. The approved project funding level represents a $17 million (or 8.6 percent) decline from the $197.2 million of lottery revenue bond proceeds approved in the 2013-15 biennium budget. Furthermore, all lottery bond sales were delayed until the spring of 2017. As a result of this timing delay, there are no debt service costs due on the new bonds during the 2015-17 biennium. Beginning with the 2017-19 biennium, however, when the debt service costs for the new bonds are fully phased in, debt service costs will total $35.9 million per biennium.

Direct revenue bonds total $944.9 million and include $393.2 million for Highway User Tax bonds, $300 million for housing bonds, $30 million for economic and community development, and $20 million for the energy programs. Lottery bonds are also included in this category.

Relevant Financial Policies

The State currently administers two general reserve accounts, the Oregon Rainy Day Fund and the Education Stability Fund.

Established by the 2007 Legislature, the Oregon Rainy Day Fund is funded from a portion of the state corporate income tax and the General Fund's ending balance up to 1 percent of General Fund appropriations for the prior biennium. The Legislature may deposit additional funds as it did to create the fund, using surplus corporate income tax revenues from the 2005-07 biennium. The Rainy Day Fund also earns interest on the moneys in the fund. Withdrawals from the Rainy Day Fund require one of three specific economic triggers to occur plus approval of three-fifths of both chambers of the Legislature. Withdrawals are capped at two-thirds of the balance as of the beginning of the biennium in question, while fund balance is capped at 7.5 percent of General Fund revenues in the prior biennium.

The Education Stability Fund is the State's second general reserve fund. Its current reserve structure and mechanics are the result of a constitutional amendment in 2002. Amounts in the Education Stability Fund may be spent under the same conditions as those required for spending moneys in the Oregon Rainy Day Fund. However, if none of the conditions is met, the Education Stability Fund can also be used by the Legislature for public education in Oregon if the Governor declares an emergency and the expenditure is approved by a three-fifths majority in each chamber. This fund receives 18 percent of lottery earnings, deposited on a quarterly basis. The fund does not retain interest earnings. The fund balance is capped at 5 percent of General Fund revenues collected in the prior biennium.

The Rainy Day Fund starts the 2015-17 biennium with a cash balance of $211.8 million. Because the General Fund's ending balance for 2013-15 was positive, 1 percent of budgeted appropriations, or $158.9 million, will be deposited in the Rainy Day Fund. Additionally, $10.3 million will be deposited due to the increase in corporate tax rates from Measure 67 which directs revenue collected from corporate income and excise tax rates above 6.6 percent to be deposited in the Rainy Day Fund. The December 2015 economic and revenue forecast projects the Rainy Day Fund will end the 2015-17 biennium with a cash balance of $388.2 million.

The Education Stability Fund started the 2015-17 biennium with a cash balance of $179.4 million. The December 2015 economic and revenue forecast projects the Education Stability Fund will end the current biennium with a cash balance of $367.2 million, which includes deposits of $187.9 million based on lottery sales. No withdrawals are projected at this time.

Major Initiatives

Of the major projects and related efforts included in the 2015-17 budget, several are of particular interest due to their overall cost, complexity and risk, importance to public safety and health, and/or cross-biennium timeframes. These projects include:

- Oregon Department of Revenue's Core Systems Replacement Project
- Oregon Health Authority's Medical Assistance Program
- Changes to Oregon's post-secondary education structure

<u>Department of Revenue Core System Replacement Project</u>

The Department of Revenue originally sought legislative approval for this project during the 2011 legislative session. A budget note directed that the agency report to the 2012 Legislature with completed foundational work to ensure project readiness and to re-evaluate the assumptions behind its benefits-based revenue model.

The Department of Revenue was interested in a software product used by a variety of other states to provide automated support for statewide tax, revenue collection, and management activities. However, the 2013 Legislature took a different direction and approved funding for a different project referred to as the Core Systems Replacement Project. The Legislature also changed the funding model from a benefits-based model to the standard funding model used for issuing Article XI-Q bonds.

The 2015-17 biennium includes funding for the second of the four-phase project. This phase is considered the most critical as it will include the replacement of the personal income tax applications. The approved budget for phase two totals $30.8 million.

Oregon Health Authority's Medical Assistance Program

Medical Assistance Programs (MAP) delivers medical care to over one million low-income Oregonians primarily through the Oregon Health Plan. It is funded with a combination of state funds and federal matching Medicaid funds. Over 400 thousand additional Oregonians have health care coverage through the Oregon Health Plan since the Affordable Care Act expansion starting in January 2014. Services for most of these new clients are funded with 100 percent federal funds through 2016. The State will pay 5 percent of those costs for the last six months of the 2015-17 biennium.

Changes to Oregon's post-secondary education structure

The final steps in the changing structure and consolidation of post-secondary education were implemented as part of the 2015-17 budget. The Higher Education Coordinating Commission (HECC) is the primary state agency for oversight and coordination of post-secondary education, and HECC's 2015-17 budget now consolidates the state-provided funding for the community college system, the seven public universities that were part of the Oregon University System, student financial aid programs through the Oregon Student Access and Completion Office, and the programs at OHSU. A number of changes were also made relating to state authorized bonding and capital construction at post-secondary institutions to reflect the new structures and relationships between the State, HECC, and these institutions.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Oregon for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the twenty-third consecutive year that the State has achieved this prestigious award. To receive the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Chief Financial Office takes great pride in the preparation of the Oregon Comprehensive Annual Financial Report. We greatly appreciate the professionalism, commitment, and effort of Statewide Accounting and Reporting Services and the other individuals involved. We also want to thank all state agencies for their continuing support in planning and conducting the financial operations of the State in a professionally responsible manner. Without the participation and cooperation of the agencies' fiscal units, the preparation of this report would not have been possible. In addition, we appreciate the contributions of the Office of Economic Analysis, the budget and policy section of the Chief Financial Office, the Oregon State Treasury, and the staff of the Secretary of State Audits Division.

Respectfully submitted,

George Naughton
Chief Financial Officer
State of Oregon

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

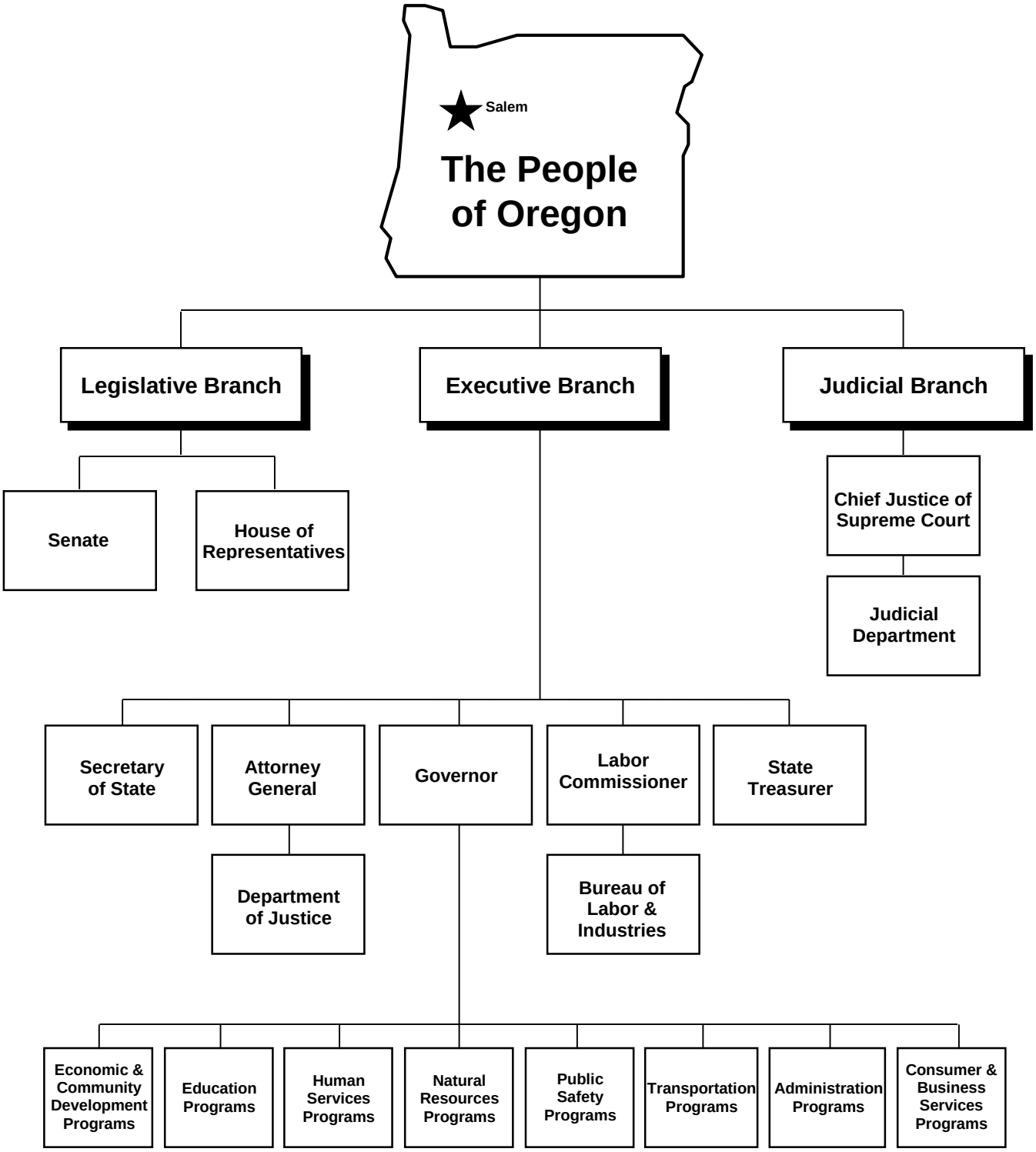
State of Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

STATE OF OREGON ORGANIZATION CHART



Principal State Officials

EXECUTIVE

Kate Brown, Governor

Jeanne P. Atkins, Secretary of State

Ted Wheeler, State Treasurer

Ellen F. Rosenblum, Attorney General

Brad Avakian, Commissioner, Labor and Industries

LEGISLATIVE

Peter Courtney, Senate President

Tina Kotek, Speaker of the House of Representatives

JUDICIAL

Thomas A. Balmer, Chief Justice of the Supreme Court

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Financial Section

Office of the Secretary of State

Jeanne P. Atkins
Secretary of State

Robert Taylor
Deputy Secretary of State

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INDEPENDENT AUDITOR'S REPORT

The Honorable Kate Brown
Governor of Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State of Oregon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University of Oregon, Oregon State University, Portland State University, Oregon Health and Science University, and SAIF Corporation which are discretely presented component units. We also did not audit the financial statements of the Oregon University System, the Common School Fund or the Public Employees Retirement System. Those financial statements represent the following percentage of the assets, liabilities, and revenues/additions of opinion units as indicated below:

Opinion Unit	Percent of Assets	Percent of Liabilities	Percent of Revenues/ Additions
Governmental Activities	7%	3%	1%
Business Type Activities	22%	53%	12%
Discretely Presented Component Units	99%	99%	99%
Common School – Major Governmental Fund	100%	100%	100%
University System – Major Enterprise Fund	100%	100%	100%
Aggregate Remaining Funds:			
Public Employees Retirement System	86%	57%	48%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above opinion units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

For the year ended June 30, 2015, the State of Oregon implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result of these standards, the State recorded a reduction in beginning net position of $2 billion for governmental activities, $94 million for business-type activities, and $181 million for component units. The amounts reported for ending net position reflect the newly reported net pension asset, deferred outflows of resources, and deferred inflows of resources. See Note 1 section Q and Note 15 for further information. Our opinion is not modified with respect to these matters.

Due to changes in legislation, for the year ended June 30, 2015, three universities are reported as discretely presented component units instead of as part the Oregon University System, a major enterprise fund. The State also transferred operations of the State Fair to a new public corporation. For these changes in the reporting entity, the State of Oregon

implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. Due to these transfers, the State recognized a loss, reported as a special item, of $3 million for governmental activities and of $2 billion for business-type activities. See Note 1 section Q and Note 23 for further information. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and information, pension plan schedules and information, and other postemployment benefits schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Oregon's basic financial statements. The combining fund financial statements and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue our report dated January 06, 2016, on our consideration of the State of Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters in the Oregon Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Oregon's internal control over financial reporting and compliance.

Office of the Secretary of State, Audits Division

State of Oregon
January 06, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of the State of Oregon (State) for the fiscal year ended June 30, 2015. The MD&A is intended to serve as an introduction to the State's financial statements. It is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the State's financial activities, (c) identify any material changes from the original budget, and (d) highlight individual fund matters. The following presentation is by necessity highly summarized, and in order to gain a thorough understanding of the State's financial condition, the following financial statements, notes, and required supplementary information should be reviewed in their entirety.

We encourage readers to consider the information presented in this analysis in conjunction with the transmittal letter beginning on page 2 of this report.

FINANCIAL HIGHLIGHTS

- On June 30, 2015, the State's net position on a government-wide basis was over $15.8 billion. Of this amount, the unrestricted portion was negative $38 million. The amount restricted for specific uses was $4.1 billion. The State's net investment in capital assets was $11.8 billion.
- The State's net position decreased $2.2 billion compared to the prior year. Net position for governmental activities decreased 5.8 percent, while net position for business-type activities decreased 26.4 percent.
- As of June 30, 2015, the State's governmental funds reported combined ending fund balances of $6.4 billion. Of this total, approximately 1.4 percent was considered nonspendable and included amounts related to inventories, prepaid amounts, and permanent fund principal.
- Approximately 74.7 percent of ending governmental fund balances were classified as restricted and included amounts that were subject to constraints imposed by external parties, such as creditors, grantors, or the laws and regulations of other governments (including the federal government), or imposed by constitutional provisions or enabling legislation. Restricted fund balances totaled $4.8 billion.
- The remaining 23.9 percent of ending fund balances were classified as unrestricted and included the fund balance categories designated as committed, assigned, and unassigned. Committed fund balances are available for spending only with legislative approval, while assigned fund balances express legislative intent as indicated through the budget process. Unassigned fund balances may be spent at the government's discretion. Total unrestricted fund balances equaled $1.5 billion. Additional information on the classification of governmental fund balances may be found in Notes 1 and 21 in the notes to the financial statements.
- At fiscal year-end, unrestricted fund balance (committed, assigned, and unassigned categories) in the General Fund were $907.2 million.
- The State implemented GASB Statement Nos. 68 and 71, which significantly changed employer reporting of defined benefit pension plans for state and local governments. Under these new standards, the State, excluding discretely presented component units, recognized a net pension asset of $430.9 million, due to the fiduciary net position of the pension plan exceeding the actuarially determined total pension liability, and a negative pension expense of $546.3 million.
- On July 1, 2014, the University of Oregon, Oregon State University, and Portland State University became entities legally separate from the State of Oregon, and are now reported as discretely presented component units of the State. As a result of the transfer, the State recognized a loss of $2 billion, reported as a special item in the University System Fund, a major enterprise fund. This loss is largely the result of $2.6 billion in university-related capital assets being transferred from the State to the newly independent universities, but the State continuing to report the any bonded and certificate of participation debt associated with the universities. For certain issuances, the State has entered into a debt management agreement with the independent universities, requiring each university to pay the principal and interest related to those issuances to the State.

- Outstanding debt (bonds and certificates of participation) increased by $98.6 million during fiscal year 2015. As part of an overall plan to reduce borrowing costs, the State was involved in 16 separate debt refunding issuances and refunded $1.5 billion of previously existing debt with $1.4 billion of new debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the MD&A, the financial section of this annual report contains the *basic financial statements, required supplementary information*, and the *combining financial statements* for nonmajor funds, internal service funds, and fiduciary funds. A *statistical section* follows the combining fund statements.

The basic financial statements contain three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide a broad overview of the State's finances in a manner similar to a private-sector business. All of the State's activities are reported in the government-wide statements except for activities accounted for in fiduciary funds because resources of those funds are not available to support the State's own programs.

- The *statement of net position* presents information on all of the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual balance reported as *net position*.
- The *statement of activities* presents information showing how the State's net position changed during the fiscal year. All of the changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes).

Net position is one measure of the State's financial health, or financial position. Over time, increases or decreases in the State's net position may serve as a useful indicator of whether the State's financial position is improving or deteriorating. However, to assess the overall health of the State, the reader needs to consider additional non-financial factors such as changes in Oregon's income tax base and changes in Oregon's economy.

The activities reported in the government-wide financial statements are divided into three categories:

- *Governmental activities*. This category includes the basic services provided by the State to its citizens, such as K-12 schools and community colleges, public assistance programs, public safety, and public transportation. Income taxes and federal grants finance most of these activities. The State's internal service funds, which provide services to other state agencies, are included in governmental activities because these services predominately benefit governmental programs rather than business-type functions.
- *Business-type activities*. The State charges fees to customers to help cover the costs of certain services it provides. For example, the State administers loan programs to provide housing to citizens with low incomes and those who are elderly or disabled. The operation of the State's lottery and the Oregon University System are also reported under business-type activities.
- *Component units*. The State includes seven other entities in its report: SAIF Corporation, Oregon Health and Science University, Oregon State University, Portland State University, University of Oregon, the Oregon University System Foundations, and the Oregon Affordable Housing Assistance Corporation. Although legally separate, these entities are reported as component units either because they are fiscally dependent on the State or because of the nature and significance of their relationship to the State. Financial information for the component units is reported separately from the financial information of the primary government.

The government-wide financial statements can be found on pages 32-35 of this report.

Fund Financial Statements

The fund financial statements provide detail information about the State's most significant funds (not the State as a whole). Funds are accounting mechanisms the State uses to keep track of specific sources of funding and spending for particular purposes. Similar to other state and local governments, the State uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements. Some funds are required by state law (such as the Lottery Operations Fund) or by bond covenants. The State establishes other funds to control and manage money for particular purposes, such as health and social services, or to show that it is properly using certain taxes and grants, such as gas taxes for transportation.

All of the State's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Most of the State's basic services are included in governmental funds, which focus on (1) how cash and other financial resources that can be readily converted to cash flow in and out and (2) the balances remaining at year-end that are available to spend. Thus, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the State's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information has been provided following each governmental fund statement that reconciles the government-wide focus to the governmental fund focus.

The State maintains 19 individual governmental funds. Information is presented separately in the governmental fund financial statements for the five major governmental funds, including the General Fund. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements presented later in this report. The basic governmental fund financial statements can be found on pages 36-43 of this report.

Proprietary funds. Services for which the State charges customers a fee, similar to a business operation, are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both long-term and short-term financial information. The State's enterprise funds (one type of proprietary fund) are the same as the business-type activities reported in the government-wide statements, except that the fund statements provide more detail and additional information, such as cash flows. The State also uses internal service funds (the other type of proprietary fund). The Central Services Fund, for example, is used to report activities that provide services to other agencies.

The proprietary fund financial statements provide separate information for the State's four major proprietary funds. Data from the other ten proprietary funds are combined into a single, aggregated presentation. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the nonmajor proprietary funds and for each of the internal service funds is provided in the combining statements presented later in this report. The basic proprietary fund financial statements can be found on pages 44-53 of this report.

Fiduciary funds. Fiduciary funds account for resources held for the benefit of parties outside the government. The State is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, due to a trust arrangement, can be used only for the trust beneficiaries. Fiduciary funds are accounted for in a manner similar to proprietary funds. All of the State's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities have been excluded from the State's government-wide financial statements because the State cannot use these assets to finance its operations.

The basic fiduciary fund financial statements include the private purpose trust fund, the aggregated investment trust funds, the agency fund, and aggregated data for the State's pension and other employee benefit trust funds. Individual fund data for the separate investment trust funds and each of the pension and other employee benefit trust funds is provided in separate combining statements presented later in this report. The basic fiduciary fund financial statements can be found on pages 54-55 of this report.

Discretely Presented Component Units

The State reports four major discretely presented component units (DPCU) and three nonmajor DPCUs. Within the basic financial statements on pages 56-59, the major DPCUs, SAIF Corporation, Oregon State University,

Portland State University, and University of Oregon, are presented separately while the nonmajor DPCUs are combined and reported in the aggregate. Individual information for each of the nonmajor DPCUs is provided in the combining statements presented later in this report. In the government-wide statements, the activities of the DPCUs are aggregated into a single column.

Notes to the Financial Statements

The basic financial statements also include notes that provide additional information essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 61-147 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents a section of *required supplementary information* (RSI), beginning on page 152, which contains budget-to-actual comparison schedules for all of the State's budgeted appropriated funds as well as accompanying notes. This section also includes two schedules related to the State's pension plan, which is a cost-sharing multiple-employer plan: the Schedule of Proportionate Share of the Net Pension Liability/(Asset) and the Schedule of Defined Benefit Pension Plan Contributions. Lastly, this section includes the Schedule of Funding Progress and accompanying notes for the Public Employees Benefit Board Plan, an agent multiple-employer postemployment healthcare benefit plan, and the Retiree Health Insurance Premium Account, a defined benefit single-employer postemployment healthcare benefit plan.

The combining financial statements referred to earlier are presented immediately following the required supplementary information beginning on page 166 of this report. These combining statements provide details about the nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and nonmajor discretely presented component units each of which has been aggregated and presented in a single column in the basic financial statements. The combining financial statements also provide details about the investment trust funds and the pension and other employee benefit trust funds.

A statistical section containing information regarding financial trends, revenue capacity, and debt capacity, as well as demographic, economic, and operating information follows immediately after the combining statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. The State's net position on a government-wide basis at June 30, 2015, was over $15.8 billion as shown in Table 1. Most of this balance was invested in capital assets, with infrastructure being the largest component. The net investment in capital assets was $11.8 billion. Restricted net position represents resources that are subject to external restrictions on how they may be used. At June 30, 2015, restricted net position totaled $4.1 billion. The remaining balance of negative $38 million was classified as unrestricted net position.

Table 1
State of Oregon's Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Capital assets	$ 13,042.3	$ 12,866.2	$ 972.7	$ 3,420.4	$ 14,015.0	$ 16,286.6
Other assets	10,268.6	11,174.3	7,500.7	7,136.7	17,769.3	18,311.0
Total assets	23,310.9	24,040.5	8,473.4	10,557.1	31,784.3	34,597.6
Total deferred outflows	291.9	36.8	80.7	55.9	372.6	92.7
Long-term liabilities	8,779.7	8,561.5	3,760.8	4,045.5	12,540.5	12,607.0
Other liabilities	2,406.2	3,115.7	537.8	926.0	2,944.0	4,041.7
Total liabilities	11,185.9	11,677.2	4,298.6	4,971.5	15,484.5	16,648.7
Total deferred inflows	732.1	0.5	104.8	5.9	836.9	6.4
Net investment in capital assets	11,116.3	9,982.1	633.9	1,443.1	11,750.2	11,425.2
Restricted	3,812.0	3,494.8	311.6	578.8	4,123.6	4,073.6
Unrestricted	(3,243.5)	(1,077.3)	3,205.3	3,613.7	(38.2)	2,536.4
Total net position	$ 11,684.8	$ 12,399.6	$ 4,150.8	$ 5,635.6	$ 15,835.6	$ 18,035.2

Changes in net position. The State's total net position decreased $2.2 billion compared to the prior year. The net position of governmental activities decreased 5.8 percent, while the net position of business-type activities decreased 26.4 percent.

The ending net position of governmental activities for fiscal year 2015 was $11.7 billion compared to $12.4 billion reported in fiscal year 2014. Operating grants and contributions increased $1.3 billion, reflecting the increase in federal revenues received for health and social service programs.

Both personal and corporate income tax revenues were up in fiscal year 2015. This increase was due to a combination of factors, including an improving labor market as Oregon continues to emerge from the recession, strong growth in the investment income of individual taxpayers, and enhanced collection efforts. Year over year, charges for services increased $109.2 million or 7.3 percent. This increase is primarily the result of (1) the Oregon Employment Department determining that the accounting for activities associated with the Reed Act and the American Recovery and Reinvestment Act's Unemployment Insurance Modernization Incentive Funding Program, are more appropriately reported in the Employment Services Fund, rather than in the Unemployment Compensation Fund, resulting in an increase of $37.1 million, and (2) the independence of the University of Oregon, Oregon State University, and Portland State University. The amounts paid by these institutions for assessments to finance general obligation bonds issued for pension liabilities are recognized as revenue, whereas in prior years, the amounts were recognized as a transfer in. The amount the State recognized as revenue from these institutions for the assessments was $34.7 million.

Governmental activities expenses increased $1.8 billion, or 9.2 percent from fiscal year 2014. This increase was largely due to a combination of increases in expenses in education, human services and administration, and the State's implementation of GASB Statement Nos. 68 and 71, which significantly changed employer reporting of defined benefit pension plans. Education expenses increased $272.8 million, or 6.2 percent, due to an increase in distributions to local school districts. Human services expenses increased $1.7 billion, or 17 percent, due primarily to expansions in Medicaid enrollment under the Affordable Care Act. Administration expenses increased $280.5 million, or 69.4 percent due primarily to the reporting of state support for the University of Oregon, Oregon State University, and Portland State University, each of which became independent of the State on July 1, 2014. In the prior year, support for these universities, when they were part of the Oregon University System, was reported as transfers to the business-type activities, whereas in the current year, that same support is reported as an expense due to these universities no longer being part of the primary government. These expenses are reported as administration expenses because the program classification is determined by the state agency that records the expense, and the Department of Administrative

Services, the central administrative agency, distributed the state support to the universities. The implementation of GASB Statement Nos. 68 and 71 impacted all governmental activities, reducing expenses by $442 million. The expense reduction was due to the State reporting a net pension asset (fiduciary net position of the pension plan exceeded the actuarially determined total pension liability). While these standards impacted all governmental activities, they are the primary cause of reductions in consumer and business services, economic and community development, natural resources, transportation, public safety, and judicial programs from the prior year. GASB Statement Nos. 68 and 71 only changed the accounting and financial reporting of employers participating in defined benefit pension plans, and it does not impact the employer contributions to the pension plan.

As shown in Table 2, the ending net position of business-type activities for fiscal year 2015 was $4.2 billion, compared to $5.6 billion reported in fiscal year 2014. This is caused primarily by the change occurring at the Oregon University System and Oregon's slowly improving unemployment rate. The University of Oregon, Oregon State University, and Portland State University became independent public entities, separate from the Oregon University System, a state agency, on July 1, 2014. The State reported a special item expense of $2 billon related to this transition. Although federal funding for unemployment benefits (which is reported under operating grants and contributions) decreased year over year, it was more than offset by a reduction in unemployment compensation expenses, which dropped $257.9 million, or 31 percent.

Table 2
State of Oregon's Changes in Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total	
Revenues:	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	$ 1,613.8	$ 1,504.6	$ 3,309.7	$ 4,597.5	$ 4,923.5	$ 6,102.1
Operating grants and contributions	10,371.7	9,055.5	182.0	851.2	10,553.7	9,906.7
Capital grants and contributions	17.6	17.8	7.6	158.9	25.2	176.7
General revenues:						
Personal income taxes	7,292.6	6,596.7	-	-	7,292.6	6,596.7
Corporate income taxes	595.3	506.9	-	-	595.3	506.9
Other taxes	2,522.1	2,411.5	17.7	17.6	2,539.8	2,429.1
Unrestricted investment earnings	7.4	5.5	-	-	7.4	5.5
Total revenues	22,420.5	20,098.5	3,517.0	5,625.2	25,937.5	25,723.7
Expenses:						
Education	4,693.5	4,420.7	-	-	4,693.5	4,420.7
Human services	11,556.8	9,880.3	-	-	11,556.8	9,880.3
Public safety	1,179.3	1,300.1	-	-	1,179.3	1,300.1
Economic & community development	375.5	385.5	-	-	375.5	385.5
Natural resources	661.4	724.2	-	-	661.4	724.2
Transportation	1,437.6	1,555.8	-	-	1,437.6	1,555.8
Consumer and business services	204.6	283.0	-	-	204.6	283.0
Administration	684.7	404.2	-	-	684.7	404.2
Legislative	39.6	37.2	-	-	39.6	37.2
Judicial	331.3	340.3	-	-	331.3	340.3
Interest on long-term debt	321.0	347.0	-	-	321.0	347.0
Housing and community services	-	-	49.4	56.5	49.4	56.5
Lottery operations	-	-	522.2	493.7	522.2	493.7
Unemployment compensation	-	-	574.0	831.9	574.0	831.9
University system	-	-	352.0	2,505.4	352.0	2,505.4
State hospitals	-	-	269.6	278.8	269.6	278.8
Liquor control	-	-	400.7	384.4	400.7	384.4
Other business-type activities	-	-	362.3	306.2	362.3	306.2
Total expenses	21,485.3	19,678.3	2,530.2	4,856.9	24,015.5	24,535.2
Increase (decrease) before contributions, special and extraordinary items, and transfers	935.2	420.2	986.8	768.3	1,922.0	1,188.5
Contributions to permanent funds	0.5	0.3	-	-	0.5	0.3
Special Items	(3.3)	-	(1,956.1)	-	(1,959.4)	-
Additions to permanent endowments	-	-	-	0.8	-	0.8
Transfers	285.4	133.0	(285.4)	(133.0)	-	-
Increase (decrease) in net position	1,217.8	553.5	(1,254.7)	636.1	(36.9)	1,189.6
Net position – beginning	12,399.6	11,943.5	5,635.6	5,017.6	18,035.2	16,961.1
Prior period adjustments	236.4	(65.3)	(136.0)	(4.8)	100.4	(70.1)
Cumulative effect of accounting change	(2,169.0)	(32.1)	(94.1)	(13.3)	(2,263.1)	(45.4)
Net position – beginning – as restated	10,467.0	11,846.1	5,405.5	4,999.5	15,872.5	16,845.6
Net position – ending	$11,684.8	$ 12,399.6	$ 4,150.8	$ 5,635.6	$ 15,835.6	$18,035.2

Figure 1 below illustrates fiscal year 2015 revenues of the State as a whole, by source. Approximately 40.7 percent of total revenue was provided by other entities and governments in the form of operating grants and contributions (e.g., federal revenues). Personal and corporate income taxes provided 30.4 percent of total revenues, while charges for services accounted for 19 percent.

Figure 1
State of Oregon's Revenue by Source
For the Year Ended June 30, 2015

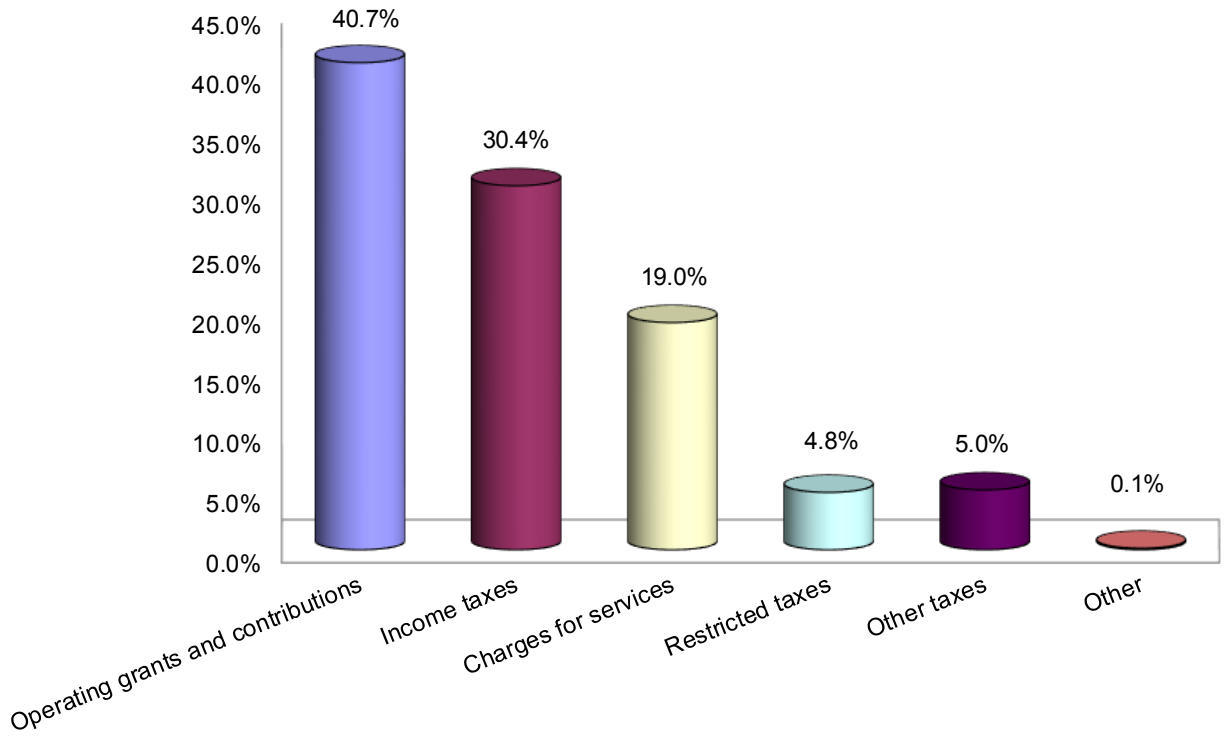
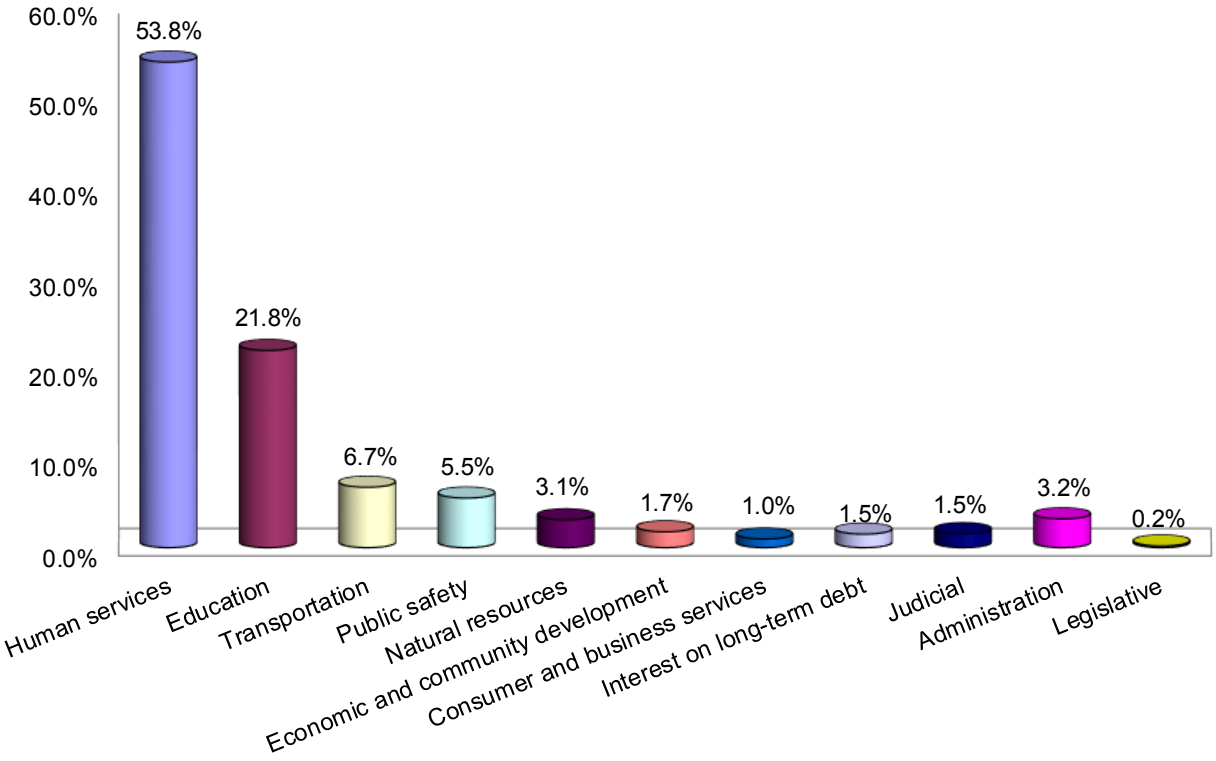


Figure 2 below shows governmental activity expenses for the State as a whole, by function. The cost of providing human services for Oregon citizens in need of assistance comprised 53.8 percent of total expenses. Elementary and secondary education accounted for 21.8 percent of the total.

Figure 2
State of Oregon's Governmental Expenses by Function
For the Year Ended June 30, 2015



FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As noted earlier, the State of Oregon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* financial resources. In governmental funds, such information may serve as a useful measure of a government's net resources available for spending. At the end of fiscal year 2015, the State's governmental funds reported combined ending fund balances of $6.4 billion, up $887.2 million compared to the prior year.

Nonspendable fund balances of $88.4 million, or 1.4 percent, included amounts that were either not in spendable form or were legally or contractually required to be maintained intact, while restricted fund balances of $4.8 billion, or 74.7 percent, were restricted for specific purposes. These restrictions included, for example, vehicle-related taxes that must be used for transportation purposes; federal funding that must be spent in accordance with the underlying grants; and lottery revenues restricted by the Oregon Constitution for job creation, economic development, financing public education, and restoring and protecting Oregon's parks and beaches.

Committed fund balances of $840.4 million comprised 13.1 percent of total fund balances. This category represents amounts committed to specific purposes, such as residential assistance and community protection programs, as the result of constraints imposed by legislation. These amounts may not be used for other

purposes unless the legislation is modified or rescinded by passing additional legislation. The assigned fund balance category of $29.6 million represents amounts constrained by the State's intent to use them for specific purposes. Intent is expressed by the Legislature via the budget process when there is no legislation other than the budget bill imposing the constraints. The unassigned fund balance category of $672.1 million represents (1) the residual fund balance applicable to the General Fund and (2) negative unassigned fund balance in governmental funds other than the General Fund, which is the result of the combination of nonspendable fund balance, restricted fund balance and committed fund balance exceeding that fund's total fund balance.

The General Fund, which is the operating fund of the State, ended fiscal year 2015 with a total fund balance of $1.3 billion. This represents a $516.8 million increase from the prior year's ending fund balance. Total revenues grew by 11.2 percent and transfers from other funds increased 19.5 percent. Prior period adjustments of $211.8 million to correct expenditures that were recognized in the incorrect period further increased fund balance. Significant revenue contributors included personal income taxes, which rose $719.4 million, or 10.9 percent, and corporate income taxes, which gained $86.8 million, or 16.8 percent. Personal income tax collections grew strongly during the April 2015 filing season as 2014 personal income rose as Oregon has emerged from the Great Recession and from 2014 gains seen in stock markets and across other investments were realized for tax purposes. Spending on administration increased $337.6 million, or 142 percent, due primarily to the reporting of state support for the University of Oregon, Oregon State University, and Portland State University, each of which became independent of the State on July 1, 2014. In the prior year, support for these universities, when they were part of the Oregon University System, was reported as transfers to other funds, whereas in the current year, that same support is reported as an expenditure due to these universities no longer being part of the primary government. These expenditures are reported as administration expenditures because the program classification is determined by the state agency that reports the expenditure, and the Department of Administrative Services, the central administrative agency, distributed the state support to the universities. Spending for human services increased $369.1 million, or 21.4 percent, due primarily to expansions in Medicaid enrollment under the Affordable Care Act. The General Fund reports the State's required match of federal Medicaid expenditures.

Due to the implementation of GASB Statement No. 54, the State reports the Oregon Rainy Day Fund as part of the General Fund. Beginning fund balance for the separate Rainy Day Fund was $62.2 million. During the current fiscal year, the fund balance increased $137.7 million to $200 million, attributed mostly to transfers in from other funds. The ending fund balance of the Rainy Day Fund is classified as committed fund balance.

In the Health and Social Services Fund, total revenues increased $1.6 billion, or 23.3 percent, due primarily to expansions in Medicaid enrollment under the Affordable Care Act, which resulted in higher federal grant revenues of $1.6 billion. Also because of the expansion, the related Medicaid eligibility payments also increased. These payments are reported as Human Services expenditures, which increased $1.3 billion, or 18.8 percent from fiscal year 2014.

Many of the revenues and expenditures of the Public Transportation Fund were comparable to the prior year. Total revenues did decrease $33.4 million, or 1.9 percent, reflecting regular fluctuations in federal award activity. The decrease in revenues due to federal award activity was mostly offset by increases in activities that generate motor fuels taxes. The primary cause of the $186.5 million decrease in ending fund balance is the $319 million transferred to other funds and the $58.3 million, or 3.5 percent increase in transportation expenditures.

Ending fund balance in the Environmental Management Fund increased $13.7 million, or 1.7 percent. Revenues increased $21.3 million (4.5 percent) due to a combination of increases in federal revenue and sales. Federal revenue increased $14.3 million, or 9.2 percent, due to the receipts of more grant revenue for the Department of Forestry and the Department of Fish and Wildlife. Charges for services decreased $12.3 million, or 29.1 percent, due to energy supplier assessments charged by the Oregon Department of Energy, which generally are recognized in the first year of the biennium. Sales increased $13.3 million, or 14.5 percent, due primarily to increased timber sales.

The Common School Fund experienced a 0.3 percent growth in fund balance for fiscal year 2015. Many of the revenues and expenditures were comparable to the prior year with the exception of investment income. Financial assets returned $54.5 million in investment income in the current year compared to $226.2 million in the prior year, a decrease of 75.9 percent.

Proprietary funds. The State's enterprise funds provide the same type of information presented for business-type activities in the government-wide financial statements, but in more detail.

Housing and Community Services finances home ownership and multi-family units for elderly, disabled, and low to moderate-income persons through the issuance of bonds. For fiscal year 2015, the Housing and Community Services Fund reported an operating income of $7.8 million; reduced mortgage loan balances resulted in a decrease of $1.6 million, or 3 percent, in loan interest income; investment earnings decreased $1.4 million from fiscal year 2014 due to a lower investment balance. In addition, operating expenses declined by $7.9 million, due primarily to a $4.8 million reduction in Bond and COP interest expense, a result of smaller outstanding bonds payable balance compared to the prior year. The net effect was an $10 million increase in net position for fiscal year 2015.

The net position of the Lottery Operations Fund increased $41 million in fiscal year 2015. This was due primarily due to improved sales and modest growth in expenses. Product sales increased $64.1 million, or 6.1 percent, with Video Lottery^{SM} generating $55.9 million of the growth. This is the fifth consecutive year of gains in Video Lottery^{SM} revenue, as economic conditions have gradually improved and product offerings attract play. Operating expenses increased 4.9 percent from the prior year.

For fiscal year 2015, assessments in the Unemployment Compensation Fund were comparable to those collected in fiscal year 2014 at $1 billion. While federal revenues declined for the fifth year in a row, down $165.9 million, or 85.5 percent, benefit payments to unemployed Oregonians continued to decrease, down $241.2 million, or 29.6 percent. These two factors reflect Oregon's declining unemployment rate and, in some cases, the expiration of extended benefits. Because of these changes, the net position of the Unemployment Compensation Fund increased $382.7 million, or 16 percent.

The University System Fund reports the activities of the Oregon University System, and it experienced a decrease in net position of $2 billion from fiscal year 2014. This is attributed to the University of Oregon, Oregon State University, and Portland State University becoming independent public bodies legally separate from the State on July 1, 2014. Prior to independence, these three universities were the largest universities within the Oregon University System, significantly impacting a comparison of the University System Fund activities to the prior year, as evidenced by the 90.1 percent decrease in operating revenues and 88.3 percent decrease in operating expenses.

Ending net position in the University System Fund is negative $403.3 million. This is largely the result of all capital assets associated with the newly independent universities, including land and buildings, being transferred to those universities, but none of the debt (bonds and certificates of participation) used to purchase those capital assets were transferred to the universities. This was because the State was the issuer of the debt, therefore it is a liability of the State. For certain debt issuances, the State has entered into a debt management agreement with the independent universities, requiring each institution to pay the principal and interest related to those issuances to the State, which the State will use to meet the debt service requirements of the debt. Additional information on the transfer of university operations to the University of Oregon, Oregon State University, and Portland State University may be found in Note 23 of this report.

In fiscal year 2015, the other (nonmajor) proprietary funds realized increased operating revenues, primarily sales revenue in the Liquor Control Fund. Operating expenses also increased resulting in an operating loss of $53.4 million. Transfers from the General Fund to the State Hospital Fund for $186.6 million helped nonmajor proprietary funds in total realize an increase in net position over fiscal year 2014.

At the end of fiscal year 2015, approximately 77.2 percent of the net position reported by the State's proprietary funds was classified as unrestricted and was available for spending on business-type activities. However, restrictions significantly affected the availability of resources in the Housing and Community Services Fund with 94.8 percent of the fund's net position restricted for debt service.

Fiduciary funds. Fiduciary funds account for resources held for the benefit of parties outside the government. The net position of the Pension and Other Employee Benefit Trust Fund, which accounts for resources held in trust for the payment of retirement, disability, postemployment healthcare, and death benefits to members of the Public Employees Retirement System, increased by $137 million. The income from the net appreciation in the fair value of investments decreased $8.2 billion, or 83.2 percent, from the prior year. The net position of all fiduciary funds is reported as held in trust for particular purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

The State budgets on a biennial basis rather than an annual basis. Budgets are prepared on the cash basis utilizing encumbrance accounting. The original budget amounts reported for revenues in the budgetary statements represent original estimates, while budgeted expenditures represent the first complete appropriated budget adopted by the Legislature. The final budget amounts reported for revenues represent revised estimates, while the final budgeted expenditures represent the original appropriated budget modified by legally authorized legislative and executive changes, as well as Emergency Board actions taken during the year. For the 2013-15 biennium, final estimated revenues for the General Fund increased slightly compared to the original estimate. The General Fund's final budgeted expenditures increased by $280.1 million, or 1.8 percent.

For fiscal year 2015, actual General Fund revenues and other financing sources exceeded actual expenditures and other financings uses by $734.7 million, leaving an ending budget balance of $1.2 billion. Actual revenues for the biennium were 100.8 percent of those budgeted, or $15.6 billion, while actual cash expenditures were 98.6 percent of those budgeted, or $15.7 billion. The remaining budget is expected to be used during the six-month lapse period from July 1 to December 31, 2015, to pay for obligations incurred prior to July 1, 2015.

DEBT ADMINISTRATION

The State Debt Policy Advisory Commission advises the Governor and the legislative assembly regarding policies and actions that enhance and preserve the State's credit rating and maintain the future availability of low cost capital financing. The State's debt credit ratings, unchanged from the prior year at AA+ by Fitch, AA+ by Standard & Poor's, and Aa1 by Moody's, are an indication of the State's ability to repay its debt.

Debt outstanding for the years ended June 30, 2015 and 2014 is summarized in Table 3. In fiscal year 2015, the State issued general obligation bonds to finance or refinance the Oregon State Hospital Replacement Project, the Core System Replacement Project at the Department of Revenue, the acquisition and construction of new higher education facilities, capital construction projects for the State's community colleges, and various other facilities and modernization projects.

During fiscal year 2015, revenue bonds were issued for both governmental activities and business-type activities. Within the governmental activities, the revenue bonds were issued for state and local highways, bridges, multi-modal and light rail projects. Revenue bonds were issued within the business-type activities to assist low-income families purchasing single-family housing.

The State was involved in 16 separate debt refunding issuances in fiscal year 2015 and refunded $1.5 billion of previously existing debt with $1.4 billion of new debt. Additional information on the State's long-term debt may be found in Note 9 of this report.

Table 3
State of Oregon's Outstanding Debt
For the Years Ended June 30, 2015 and 2014
(In Millions)

			2015 Over (Under) 2014	
	2015	2014	Amount	Percent
General obligation bonds	$ 5,925.2	$ 5,615.7	$ 309.5	5.5%
Revenue bonds	4,824.9	4,872.0	(47.1)	-1.0%
Certificates of participation	534.5	698.3	(163.8)	-23.5%
Total	$ 11,284.6	$ 11,186.0	$ 98.6	0.9%

CAPITAL ASSETS

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2015, was $14 billion (net of accumulated depreciation) as summarized in Table 4. Capital assets include land, buildings, improvements, equipment, construction in progress, highways, tunnels and bridges, and works of art and other nondepreciable assets. The State's investment in capital assets for fiscal year 2015 decreased $2.3 billion, or 13.9 percent.

Table 4
State of Oregon's Capital Assets, Net of Depreciation
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 1,918.4	$ 1,867.1	$ 24.0	$ 147.3	$ 1,942.4	$ 2,014.4
Buildings, property and equipment	1,972.2	1,922.0	901.3	2,813.0	2,873.5	4,735.0
Construction in progress	1,336.4	1,445.5	23.8	320.3	1,360.2	1,765.8
Infrastructure	7,813.3	7,629.7	19.6	65.8	7,832.9	7,695.5
Works of art and other nondepreciable assets	2.0	1.9	4.0	74.0	6.0	75.9
Total	$ 13,042.3	$ 12,866.2	$ 972.7	$ 3,420.4	$ 14,015.0	$ 16,286.6

Major capital asset events during the fiscal year included the following:

- The State's outstanding construction commitments related to highway and bridge construction totaled $856.4 million at June 30, 2015.
- The State determined that $117.7 million of assets under construction relating to the development of an IT system were impaired due to obsolescence and recognized it as a human services program expense on the government-wide statement of activities.
- Effective July 1, 2014, University of Oregon, Oregon State University, and Portland State University, became independent public entities, separate from the State, although the State will continue to report them as discretely presented component units. The net value of the capital assets associated with these universities, which were transferred from the State to the independent universities, totaled $2.6 billion.

Additional information on the State's capital assets may be found in Note 6 of this report.

ECONOMIC FACTORS AND NEXT BIENNIUM'S BUDGET

Oregon's unemployment rate for November 2015 was 5.7 percent compared to 6.8 percent in November 2014. The U.S. unemployment rate for November 2015 was 5 percent. Since reaching a high point of 11.6 percent in May and June 2009, the rate has slowly declined over the past five and a half years.

Job growth in Oregon continued to accelerate in 2015. Since the beginning of 2013, Oregon job growth has picked up from around 1.5 to 2 percent to over 3 percent in December 2015. The outlook calls for this growth to persist throughout the 2015-17 biennium before longer-run demographic trends weigh on growth rates. The general character of the forecast remains the same as in recent forecasts, with key aspects such as job and income growth remaining largely unchanged.

Expectations for growth in Oregon's dominant source of General Fund revenues, personal income taxes, have remained virtually unchanged since the 2015-17 budget was drafted. Although job growth has been somewhat weaker than expected, healthy gains in wages paid per worker have offset this, keeping personal income tax collections closely to aligned with the forecast.

The revenue outlook is stable, yet uncertain. Volatility in equity markets is injecting a great deal of risk into the forecast. Oregon's budget depends heavily on personal income tax collections tied to realizations of capital gains. These collections are extremely volatile, with revenues subject to the sometimes unpredictable behavior of investors.

Revenue growth in Oregon will face considerable downward pressure over the 10-year extended forecast horizon. As the baby boom population cohort works less and spends less, traditional state tax instruments such as personal income taxes will become less effective and revenue growth will fail to match the pace seen in the past.

The December 2015 forecast for General Fund revenues for the 2015-17 biennium is $18 billion. This figure is $31 million above the amount forecasted at the close of the 2015 legislative session. The projected General Fund ending balance for the 2015-17 biennium is $299 million. The latest revenue forecast projects increases in General Fund revenues for the next two biennia, up 9.2 percent to $19.7 billion in 2017-19 and 9.9 percent to $21.6 billion in 2019-21.

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Basic Financial Statements

Statement of Net Position
June 30, 2015
(In Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 3,149,536	$ 3,250,930	$ 6,400,466	$ 759,636
Cash and Cash Equivalents - Restricted	-	42,520	42,520	4,017
Investments	1,534,748	33,246	1,567,994	4,692,242
Investments - Restricted	-	62,385	62,385	-
Securities Lending Collateral	308,550	121,485	430,035	180,733
Accounts and Interest Receivable (net)	830,383	390,486	1,220,869	1,032,325
Taxes Receivable (net)	665,554	-	665,554	-
Pledges, Contributions, and Grants Receivable (net)	-	-	-	87,672
Internal Balances	149,316	(149,316)	-	-
Due from Component Units	4	53,457	53,461	-
Due from Other Governments	7	6,205	6,212	2,504
Due from Primary Government	-	-	-	39,452
Inventories	69,527	35,619	105,146	31,858
Prepaid Items	6,234	6,583	12,817	68,970
Foreclosed and Deeded Property	2,278	4,605	6,883	-
Total Current Assets	6,716,137	3,858,205	10,574,342	6,899,409
Noncurrent Assets:				
Cash and Cash Equivalents	-	35,722	35,722	-
Cash and Cash Equivalents - Restricted	1,330,943	236,788	1,567,731	62,783
Investments	188,406	126,999	315,405	1,579,986
Investments - Restricted	86,803	243,404	330,207	1,588,227
Custodial Assets	35,045	-	35,045	-
Taxes Receivable (net)	523,446	-	523,446	-
Interfund Loans	13,583	(13,583)	-	-
Advances to Component Units	2,000	1,184,657	1,186,657	-
Net Contracts, Notes, and Other Receivables	361,976	97,639	459,615	100,185
Loans Receivable (net)	630,952	1,679,341	2,310,293	-
Pledges, Contributions, and Grants Receivable (net)	-	-	-	280,322
Net Pension Asset	379,350	51,565	430,915	195,721
Capital Assets:				
Land	1,918,401	24,035	1,942,436	225,387
Buildings, Property, and Equipment	3,693,833	1,398,873	5,092,706	6,835,768
Construction in Progress	1,336,394	23,750	1,360,144	219,042
Infrastructure	12,776,877	34,497	12,811,374	31,133
Works of Art and Other Nondepreciable Assets	2,012	3,994	6,006	71,640
Less Accumulated Depreciation and Amortization	(6,685,197)	(512,482)	(7,197,679)	(3,066,865)
Total Noncurrent Assets	16,594,824	4,615,199	21,210,023	8,123,329
Total Assets	23,310,961	8,473,404	31,784,365	15,022,738
DEFERRED OUTFLOWS OF RESOURCES				
Hedging Derivatives	-	12,771	12,771	12,658
Loss on Refunding	148,778	48,934	197,712	17,337
Related to Pensions	143,126	19,033	162,159	75,980
Total Deferred Outflows of Resources	291,904	80,738	372,642	105,975

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
June 30, 2015
(In Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Current Liabilities:				
Accounts and Interest Payable	912,280	126,830	1,039,110	514,484
Obligations Under Securities Lending	308,550	121,485	430,035	180,735
Due to Component Units	39,403	-	39,403	-
Due to Other Governments	191,597	4,795	196,392	24,995
Due to Primary Government	-	-	-	80,110
Unearned Revenue	28,361	15,922	44,283	442,013
Matured Bonds/COPs and Coupons Payable	-	127	127	-
Compensated Absences Payable	121,525	15,957	137,482	119,209
Reserve for Loss and Loss Adjustment Expense	-	-	-	255,309
Claims and Judgments Payable	118,324	14,798	133,122	28,775
Lottery Prize Awards Payable	-	30,579	30,579	-
Arbitrage Rebate Payable	281	112	393	-
Custodial Liabilities	314,708	49,094	363,802	68,200
Contracts, Mortgages and Notes Payable	33,421	3,409	36,830	16,663
Bonds/COPs Payable	330,961	154,381	485,342	15,160
Obligations Under Capital Lease	1,594	275	1,869	1,444
Pollution Remediation Obligation	5,262	-	5,262	-
Total Current Liabilities	2,406,267	537,764	2,944,031	1,747,097
Noncurrent Liabilities:				
Obligations Under Life Income Agreements	-	-	-	107,716
Compensated Absences Payable	62,604	6,986	69,590	52,248
Reserve for Loss and Loss Adjustment Expense	-	-	-	2,706,754
Claims and Judgments Payable	1,027,648	-	1,027,648	30,730
Lottery Prize Awards Payable	-	133,005	133,005	-
Arbitrage Rebate Payable	821	21,942	22,763	-
Custodial Liabilities	3,484	2,033	5,517	80,777
Contracts, Mortgages, and Notes Payable	343,779	47,510	391,289	127,750
Bonds/COPs Payable	7,271,099	3,526,873	10,797,972	768,839
Obligations Under Capital Lease	2,252	303	2,555	13,459
Advances from Primary Government	-	-	-	1,186,657
Pollution Remediation Obligation	12,671	-	12,671	-
Net OPEB Obligation	55,335	9,420	64,755	30,506
Derivative Instrument Liabilities	-	12,771	12,771	13,951
Total Noncurrent Liabilities	8,779,693	3,760,843	12,540,536	5,119,387
Total Liabilities	11,185,960	4,298,607	15,484,567	6,866,484
DEFERRED INFLOWS OF RESOURCES				
Gain on Refunding	75	-	75	4,857
Loan Origination	-	5,282	5,282	-
Related to Pensions	731,991	99,498	831,489	378,963
Total Deferred Inflows of Resources	732,066	104,780	836,846	383,820
NET POSITION				
Net Investment in Capital Assets	11,116,322	633,944	11,750,266	2,323,436
Restricted-Nonexpendable	15,326	2,366	17,692	1,154,830
Restricted for:				
Health and Social Services Programs	252,382	-	252,382	-
Transportation Programs	551,586	-	551,586	-
Natural Resource Programs	789,449	504	789,953	-
Education	1,359,587	18,933	1,378,520	1,562,417
Community Protection	59,474	-	59,474	-
Consumer Protection	88,538	-	88,538	-
Employment Services	238,225	-	238,225	-
Workers' Compensation	-	-	-	1,616,285
Residential Assistance	143,370	2,029	145,399	-
Debt Service	-	278,575	278,575	12,270
Capital Projects	662	9,102	9,764	74,732
Other Purposes	313,441	-	313,441	-
Unrestricted	(3,243,523)	3,205,302	(38,221)	1,134,439
Total Net Position	$ 11,684,839	$ 4,150,755	$ 15,835,594	$ 7,878,409

Statement of Activities
For the Year Ended June 30, 2015
(In Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental Activities:					
Education	$ 4,693,469	$ 9,372	$ 698,000	$ -	$ (3,986,097)
Human Services	11,556,800	581,530	8,414,652	2,112	(2,558,506)
Public Safety	1,179,299	67,756	147,175	1,942	(962,426)
Economic and Community Development	375,497	76,408	233,474	-	(65,615)
Natural Resources	661,438	337,857	243,870	765	(78,946)
Transportation	1,437,587	161,937	465,205	12,796	(797,649)
Consumer and Business Services	204,614	114,971	14,702	-	(74,941)
Administration	684,677	130,508	152,046	-	(402,123)
Legislative	39,621	1,473	94	-	(38,054)
Judicial	331,253	131,951	2,445	-	(196,857)
Interest on Long-term Debt	321,032	-	-	-	(321,032)
Total Governmental Activities	21,485,287	1,613,763	10,371,663	17,615	(9,482,246)
Business-type Activities:					
Housing and Community Services	49,422	56,911	3,484	-	10,973
Lottery Operations	522,185	1,117,175	6,784	-	601,774
Unemployment Compensation	573,992	1,009,913	83,188	-	519,109
University System	351,959	156,824	78,040	2,206	(114,889)
State Hospitals	269,549	85,238	-	-	(184,311)
Liquor Control	400,683	550,405	-	-	149,722
Other Business-type Activities	362,326	333,265	10,465	5,378	(13,218)
Total Business-type Activities	2,530,116	3,309,731	181,961	7,584	969,160
Total Primary Government	$ 24,015,403	$ 4,923,494	$ 10,553,624	$ 25,199	$ (8,513,086)
Component Units:					
SAIF Corporation	$ 557,595	$ 502,895	$ 292,074	$ -	$ 237,374
University of Oregon	811,276	540,918	415,337	18,996	163,975
Oregon State University	951,253	503,519	511,612	41,917	105,795
Portland State University	452,386	269,166	213,830	2,835	33,445
Other Component Units	2,295,035	1,969,742	640,783	4,791	320,281
Total Component Units	$ 5,067,545	$ 3,786,240	$ 2,073,636	$ 68,539	$ 860,870

The notes to the financial statements are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2015
(In Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in Net Position:				
Net (Expense) Revenue	$ (9,482,246)	$ 969,160	$ (8,513,086)	$ 860,870
General Revenues:				
Taxes:				
Personal Income Taxes	7,292,582	-	7,292,582	-
Corporate Income Taxes	595,327	-	595,327	-
Tobacco Taxes	266,831	-	266,831	-
Healthcare Provider Taxes	569,831	-	569,831	-
Insurance Premium Taxes	58,193	-	58,193	-
Other Taxes	384,585	17,689	402,274	-
Restricted for Transportation Purposes:				
Motor Fuel and Other Vehicle Taxes	1,096,505	-	1,096,505	-
Restricted for Workers' Compensation and Workplace Safety Programs:				
Workers' Compensation Insurance Taxes	54,957	-	54,957	-
Employer-Employee Taxes	91,232	-	91,232	-
Total Taxes	10,410,043	17,689	10,427,732	-
Unrestricted Investment Earnings	7,374	-	7,374	-
Contributions to Permanent Funds	518	-	518	-
Special Items	(3,276)	(1,956,089)	(1,959,365)	(1,202,632)
Transfers - Internal Activities	285,417	(285,417)	-	-
Total General Revenues, Contributions, Special Items, Extraordinary Items, and Transfers	10,700,076	(2,223,817)	8,476,259	(1,202,632)
Change in Net Position	1,217,830	(1,254,657)	(36,827)	(341,762)
Net Position - Beginning	12,399,641	5,635,568	18,035,209	8,416,722
Prior Period Adjustments	236,359	(136,012)	100,347	(15,672)
Cumulative Effect of a Change in Accounting Principles	(2,168,991)	(94,144)	(2,263,135)	(180,879)
Net Position - Beginning - As Restated	10,467,009	5,405,412	15,872,421	8,220,171
Net Position - Ending	$ 11,684,839	$ 4,150,755	$ 15,835,594	$ 7,878,409

Balance Sheet
Governmental Funds
June 30, 2015
(In Thousands)

	General	Health and Social Services	Public Transportation
ASSETS			
Cash and Cash Equivalents	$ 1,159,879	$ 290,510	$ 589,715
Investments	12,519	-	102,394
Custodial Assets	27	-	-
Securities Lending Collateral	68,085	17,646	33,826
Accounts and Interest Receivable (net)	13,476	379,937	57,416
Taxes Receivable (net)	942,991	156,811	69,546
Due from Other Funds	277,346	22,250	12,056
Due from Component Units	4	-	-
Due from Other Governments	2	-	5
Inventories	18,507	819	35,406
Prepaid Items	1,848	54	1,438
Advances to Component Units	-	-	-
Advances to Other Funds	-	-	-
Net Contracts, Notes and Other Receivables	4,647	52,519	9,456
Loans Receivable (net)	925	-	22,869
Total Assets	$ 2,500,256	$ 920,546	$ 934,127
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and Interest Payable	$ 279,840	$ 185,061	$ 126,968
Obligations Under Securities Lending	68,085	17,646	33,826
Due to Other Funds	134,003	74,106	19,304
Due to Component Units	4,748	-	-
Due to Other Governments	53,458	-	76,352
Unearned Revenue	-	-	15,160
Custodial Liabilities	9,633	51,810	956
Contracts, Mortgages, and Notes Payable	-	13,000	-
Advances from Other Funds	549	-	-
Total Liabilities	550,316	341,623	272,566
Deferred Inflows of Resources:			
Unavailable Revenue	663,851	53,029	12,155
Total Deferred Inflows of Resources	663,851	53,029	12,155
Fund Balances:			
Nonspendable	20,139	924	36,814
Restricted by:			
Federal Laws and Regulations	493	136,980	33,607
Oregon Constitution	325,985	2,298	266,769
Enabling Legislation	17,564	254,405	48,955
Debt Covenants	14,742	10,711	263,261
Donors and Other External Parties	-	4,625	-
Committed	226,081	119,698	-
Assigned	5,164	-	-
Unassigned	675,921	(3,747)	-
Total Fund Balances	1,286,089	525,894	649,406
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,500,256	$ 920,546	$ 934,127

The notes to the financial statements are an integral part of this statement.

Environmental Management	Common School	Other	Total
$ 418,442	$ 47,760	$ 1,384,918	$ 3,891,224
771	1,371,105	243,349	1,730,138
1,138	22,335	11,545	35,045
24,755	65,443	47,235	256,990
60,050	14,486	257,344	782,709
-	-	19,651	1,188,999
17,730	631	108,980	438,993
-	-	-	4
-	-	-	7
9,791	-	3,951	68,474
160	-	1,729	5,229
-	-	2,000	2,000
-	300	13,700	14,000
31,605	609	263,141	361,977
407,374	-	199,773	630,941
$ 971,816	$ 1,522,669	$ 2,557,316	$ 9,406,730

$ 40,664	$ 29,862	$ 147,456	$ 809,851
24,755	65,443	47,235	256,990
7,913	761	49,277	285,364
-	-	34,655	39,403
20,464	-	41,321	191,595
9,345	-	3,772	28,277
2,621	232,191	14,440	311,651
-	-	3,000	16,000
300	-	28	877
106,062	328,257	341,184	1,940,008
31,605	609	263,923	1,025,172
31,605	609	263,923	1,025,172
9,950	-	20,541	88,368
605,323	-	198,287	974,690
8,217	878,428	279,543	1,761,240
99,980	315,375	361,714	1,097,993
60,878	-	580,040	929,632
4,640	-	38,253	47,518
37,884	-	456,705	840,368
7,277	-	17,167	29,608
-	-	(41)	672,133
834,149	1,193,803	1,952,209	6,441,550
$ 971,816	$ 1,522,669	$ 2,557,316	$ 9,406,730

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Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015
(In Thousands)

Total fund balances of governmental funds		$ 6,441,550
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 1,908,043	
Buildings, property and equipment	3,044,874	
Construction in progress	1,331,360	
Infrastructure	12,776,099	
Works of art and other nondepreciable assets	1,797	
Accumulated depreciation and amortization	(6,313,073)	
Total capital assets		12,749,100
Capital assets retired from service but not immediately sold or otherwise disposed of are removed from capital assets and reclassified as foreclosed and deeded property.		2,278
Some of the State's governmental revenues will be collected after year-end but are not available soon enough to pay the current year liabilities.		1,025,170
Gain or loss on debt refunding is reported as a deferred inflow of resources or a deferred outflow of resources, respectively, for governmental activities in the Statement of Net Position but are reported as expenditures in the funds.		
Deferred outflows-loss on refunding		146,610
Deferred inflows-gain on refunding		(75)
The net pension asset and pension-related deferred inflows and outflows of resources are not financial resources and therefore are not reported in the funds. These consist of:		
Net pension asset		348,520
Deferred outflows-related to pensions		131,715
Deferred inflows-related to pensions		(672,501)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		576,300
Unamortized debt insurance costs are reported as prepaid items for governmental activities in the Statement of Net Position but are reported as expenditures in the funds.		41
Some liabilities are not due and payable in the current year and therefore are not reported in the funds. Those liabilities consist of:		
Accounts and interest payable	(59,187)	
Compensated absences	(166,519)	
Claims and judgments	(906,460)	
Arbitrage rebate	(1,102)	
Contracts, mortgages and notes payable	(341,837)	
Bonds and COPS	(7,518,087)	
Pollution remediation obligation	(17,933)	
Net OPEB Obligation	(52,744)	
Total long-term liabilities		(9,063,869)
Net position of governmental activities		$ 11,684,839

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015
(In Thousands)

	General	Health and Social Services	Public Transportation
REVENUES			
Personal Income Taxes	$ 7,334,593	$ -	$ -
Corporate Income Taxes	604,184	-	-
Tobacco Taxes	67,310	200,192	-
Healthcare Provider Taxes	-	569,831	-
Insurance Premium Taxes	58,193	-	-
Motor Fuel and Other Vehicle Taxes	-	-	1,098,608
Employer-Employee Taxes	-	-	-
Workers' Compensation Insurance Taxes	-	-	-
Other Taxes	232,355	1	2,644
Licenses and Fees	110,543	18,739	92,192
Federal	595	7,257,707	491,149
Rebates and Recoveries	8	319,320	4,004
Charges for Services	19,398	75,411	34,980
Fines, Forfeitures, and Penalties	18,389	388	5,729
Rents and Royalties	626	4	6,479
Investment Income	7,374	1,642	4,943
Sales	1,410	3,580	10,930
Assessments	-	-	-
Donations and Grants	2,592	1,284	15
Contributions to Permanent Funds	-	-	-
Tobacco Settlement Proceeds	-	76,600	-
Unclaimed and Escheat Property Revenue	-	-	-
Other	3,820	136,207	7,750
Total Revenues	8,461,390	8,660,906	1,759,423
EXPENDITURES			
Current:			
Education	3,992,340	-	-
Human Resources	2,091,793	8,355,592	-
Public Safety	1,008,005	-	-
Economic and Community Development	29,144	-	-
Natural Resources	156,258	-	-
Transportation	17,337	-	1,736,834
Consumer and Business Services	5,764	-	-
Administration	575,388	1	45,091
Legislative	40,732	-	-
Judicial	320,352	1,510	-
Capital Improvements and Capital Construction	-	-	-
Debt Service:			
Principal	92,340	-	23
Interest	54,810	-	264
Other Debt Service	1,008	-	519
Total Expenditures	8,385,271	8,357,103	1,782,731
Excess (Deficiency) of Revenues Over (Under) Expenditures	76,119	303,803	(23,308)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	1,160,609	141,675	91,805
Transfers to Other Funds	(959,048)	(61,098)	(319,318)
Insurance Recoveries	137	-	-
Long-term Debt Issued	24,848	-	48,624
Debt Issuance Premium	3,030	-	11,369
Refunding Debt Issued	-	-	-
Refunded Debt Payment to Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	229,576	80,577	(167,520)
Special Items	-	-	-
Net Change in Fund Balances	305,695	384,380	(190,828)
Fund Balances - Beginning	769,273	330,591	835,884
Prior Period Adjustments	211,842	(188,982)	(7)
Fund Balances - Beginning - As Restated	981,115	141,609	835,877
Change in Inventories	(721)	(95)	4,357
Fund Balances - Ending	$ 1,286,089	$ 525,894	$ 649,406

The notes to the financial statements are an integral part of this statement.

Environmental Management	Common School	Other	Total
$ -	$ -	$ -	$ 7,334,593
-	-	-	604,184
-	-	-	267,502
-	-	-	569,831
-	-	-	58,193
-	-	-	1,098,608
-	-	91,232	91,232
-	-	54,957	54,957
24,126	-	122,605	381,731
138,801	668	143,412	504,355
170,434	-	2,246,413	10,166,298
620	-	18,646	342,598
29,987	285	69,517	229,578
1,203	56	94,809	120,574
1,710	5,672	2,821	17,312
12,594	54,473	22,106	103,132
105,066	1,197	4,418	126,601
-	-	37,185	37,185
5,039	-	41,412	50,342
-	-	518	518
-	-	-	76,600
-	18,214	-	18,214
7,698	47	66,489	222,011
497,278	80,612	3,016,540	22,476,149
-	-	710,455	4,702,795
-	-	1,179,403	11,626,788
-	-	273,045	1,281,050
-	-	363,822	392,966
527,466	23,670	43,390	750,784
-	-	9,424	1,763,595
-	-	282,302	288,066
-	-	95,452	715,932
-	-	2,191	42,923
-	-	45,807	367,669
-	-	66,071	66,071
-	-	232,122	324,485
64	-	266,953	322,091
129	-	8,376	10,032
527,659	23,670	3,578,813	22,655,247
(30,381)	56,942	(562,273)	(179,098)
69,023	4,354	966,875	2,434,341
(41,226)	(58,845)	(584,711)	(2,024,246)
66	2,281	18	2,502
12,801	-	349,186	435,459
2,828	-	287,505	304,732
-	-	1,146,120	1,146,120
-	-	(1,377,597)	(1,377,597)
43,492	(52,210)	787,396	921,311
(3,054)	-	-	(3,054)
10,057	4,732	225,123	739,159
820,441	1,190,529	1,607,589	5,554,307
3,582	(1,458)	118,495	143,472
824,023	1,189,071	1,726,084	5,697,779
69	-	1,002	4,612
$ 834,149	$ 1,193,803	$ 1,952,209	$ 6,441,550

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Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2015
(In Thousands)

Net change in fund balances of total governmental funds		$ 739,159
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlay is reported as an expenditure in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current year, these amounts are:		
Capital outlay	$ 729,487	
Depreciation expense	(372,625)	
Excess of depreciation over capital outlays		356,862
The net effect of sales, transfers, impairments, and donations of capital assets is a decrease to net position.		(285,776)
Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position.		(1,886,308)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		1,702,081
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these become a component of Bonds/COPs payable and are amortized in the Statement of Activities.		(1,503)
Some expenses reported in the Statement of Activities do not require the use of current financial resources; thus, they are not reported as expenditures in governmental funds.		
Net pension asset	442,034	
Accounts and interest payable	(4,754)	
Compensated absences	(6,664)	
Claims and judgments payable	61,091	
Pollution remediation obligation	(1,033)	
Contracts, mortgages and notes payable	46,337	
Net OPEB obligation	(2,810)	
Total		534,201
Investment income related to rebatable arbitrage does not provide current financial resources and is not reported as revenue in the governmental funds.		(360)
Some revenues will not be collected for several months after the State's fiscal year ends. Therefore, they are not considered "available" revenues in the governmental funds.		(50,086)
Change in inventory is reported as a separate line after the change in fund balances in the governmental statements, but is included in expenses in the governmental activities.		4,612
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of the internal service funds is reported within governmental activities.		104,948
Change in net position of governmental activities		$ 1,217,830

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds
June 30, 2015
(In Thousands)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Lottery Operations	Unemployment Compensation
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 10,078	$ 297,667	$ 2,470,553
Cash and Cash Equivalents - Restricted	8,195	-	89
Investments	-	12,542	-
Investments - Restricted	62,385	-	-
Securities Lending Collateral	4,032	79,595	1,212
Accounts and Interest Receivable (net)	4,796	27,185	268,479
Due from Other Funds	2	-	437
Due from Component Units	-	-	-
Due from Other Governments	-	-	6,205
Inventories	-	1,446	-
Prepaid Items	1	1,069	-
Foreclosed and Deeded Property	4,408	-	-
Total Current Assets	93,897	419,504	2,746,975
Noncurrent Assets:			
Cash and Cash Equivalents	-	35,722	-
Cash and Cash Equivalents - Restricted	58,391	-	2,033
Investments	-	126,999	-
Investments - Restricted	167,528	-	-
Advances to Other Funds	-	-	-
Advances to Component Units	-	-	-
Net Contracts, Notes, and Other Receivables	-	3,322	68,700
Loans Receivable (net)	918,004	-	-
Net Pension Asset	559	4,500	-
Capital Assets:			
Land	-	-	-
Buildings, Property, and Equipment	230	197,120	-
Construction in Progress	-	-	-
Infrastructure	-	-	-
Works of Art and Other Nondepreciable Assets	-	-	-
Less Accumulated Depreciation and Amortization	(160)	(120,765)	-
Total Noncurrent Assets	1,144,552	246,898	70,733
Total Assets	1,238,449	666,402	2,817,708
DEFERRED OUTFLOWS OF RESOURCES			
Hedging Derivatives	11,379	-	-
Loss on Refunding	2,345	-	-
Related to Pensions	207	1,666	-
Total Deferred Outflows of Resources	13,931	1,666	-

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds				
University System	Other	Total	Governmental Activities Internal Service Funds	
$ 33,593	$ 439,039	$ 3,250,930	$ 583,278	
-	34,236	42,520	-	
-	20,704	33,246	-	
-	-	62,385	-	
6,142	30,504	121,485	51,561	
45,234	44,358	390,052	47,674	
18,160	5,068	23,667	23,655	
48,843	4,614	53,457	-	
-	-	6,205	-	
1,536	32,635	35,617	1,051	
5,195	318	6,583	962	
-	197	4,605	-	
158,703	611,673	4,030,752	708,181	
-	-	35,722	-	
78,518	97,846	236,788	5,974	
-	-	126,999	-	
75,876	-	243,404	79,820	
-	17,623	17,623	549	
1,092,148	92,509	1,184,657	-	
22,892	2,725	97,639	1	
-	761,337	1,679,341	11	
15,062	31,444	51,565	30,830	
14,902	9,133	24,035	10,358	
597,307	604,216	1,398,873	648,959	
23,023	727	23,750	5,034	
30,836	3,661	34,497	779	
3,307	687	3,994	215	
(299,401)	(92,156)	(512,482)	(372,124)	
1,654,470	1,529,752	4,646,405	410,406	
1,813,173	2,141,425	8,677,157	1,118,587	
-	1,392	12,771	-	
46,580	9	48,934	2,168	
5,522	11,638	19,033	11,411	
52,102	13,039	80,738	13,579	

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Statement of Net Position
Proprietary Funds
June 30, 2015
(In Thousands)

(continued from previous page)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Lottery Operations	Unemployment Compensation
LIABILITIES			
Current Liabilities:			
Accounts and Interest Payable	$ 18,454	$ 11,086	$ 25,157
Obligations Under Securities Lending	4,032	79,595	1,212
Due to Other Funds	101	148,040	3,027
Due to Other Governments	-	-	4,786
Unearned Revenue	1,402	461	-
Matured Bonds/COPs and Coupons Payable	-	-	-
Compensated Absences Payable	183	2,355	-
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	30,579	-
Arbitrage Rebate Payable	-	-	-
Custodial Liabilities	-	94	89
Contracts, Mortgages, and Notes Payable	23	703	-
Bonds/COPs Payable	51,695	-	-
Obligations Under Capital Lease	-	-	-
Total Current Liabilities	75,890	272,913	34,271
Noncurrent Liabilities:			
Compensated Absences Payable	94	1,213	-
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	133,005	-
Arbitrage Rebate Payable	-	-	-
Custodial Liabilities	-	-	2,033
Contracts, Mortgages, and Notes Payable	553	5,137	-
Bonds/COPs Payable	945,460	-	-
Obligations Under Capital Lease	-	-	-
Advances from Other Funds	-	-	-
Net OPEB Obligation	93	765	-
Derivative Instrument Liabilities	11,379	-	-
Total Noncurrent Liabilities	957,579	140,120	2,033
Total Liabilities	1,033,469	413,033	36,304
DEFERRED INFLOWS OF RESOURCES			
Loan Origination	5,282	-	-
Related to Pensions	1,078	8,684	-
Total Deferred Inflows of Resources	6,360	8,684	-
NET POSITION			
Net Investment in Capital Assets	70	76,355	-
Restricted-Nonexpendable	-	-	-
Restricted for:			
Natural Resource Programs	-	-	-
Education	-	-	-
Residential Assistance	2,029	-	-
Debt Service	201,453	-	-
Capital Projects	-	-	-
Unrestricted	8,999	169,996	2,781,404
Total Net Position	$ 212,551	$ 246,351	$ 2,781,404

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds				
University System	Other	Total	Governmental Activities Internal Service Funds	
$ 33,418	$ 38,381	$ 126,496	$ 43,242	
6,142	30,504	121,485	51,561	
-	29,550	180,718	20,131	
-	9	4,795	-	
11,973	2,086	15,922	85	
-	127	127	-	
4,697	8,722	15,957	11,622	
-	14,798	14,798	29,655	
-	-	30,579	-	
-	112	112	-	
41,341	7,570	49,094	3,270	
1,514	1,169	3,409	1,017	
73,586	29,100	154,381	9,301	
7	268	275	1,594	
172,678	162,396	718,148	171,478	
1,305	4,374	6,986	5,988	
-	-	-	209,857	
-	-	133,005	-	
-	21,942	21,942	-	
-	-	2,033	3,271	
12,913	28,907	47,510	18,346	
2,017,649	563,764	3,526,873	74,671	
6	297	303	2,251	
31,207	-	31,207	88	
3,730	4,832	9,420	2,590	
-	1,392	12,771	-	
2,066,810	625,508	3,792,050	317,062	
2,239,488	787,904	4,510,198	488,540	
-	-	5,282	-	
29,063	60,673	99,498	59,490	
29,063	60,673	104,780	59,490	
32,017	525,502	633,944	207,572	
2,366	-	2,366	-	
-	504	504	-	
18,933	-	18,933	-	
-	-	2,029	-	
71,782	5,340	278,575	-	
7,886	1,216	9,102	-	
(536,260)	773,325	3,197,464	376,564	
$ (403,276)	$ 1,305,887	$ 4,142,917	$ 584,136	

Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are included within the business-type activities.	$ 7,838
Net position of business-type activities	$ 4,150,755

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015
(In Thousands)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Lottery Operations	Unemployment Compensation
OPERATING REVENUES:			
Assessments	$ -	$ -	$ 992,558
Licenses and Fees	3,591	-	-
Federal	-	-	28,195
Rebates and Recoveries	45	-	-
Charges for Services	2,028	-	-
Fines, Forfeitures, and Penalties	-	-	1,669
Rents and Royalties	-	-	-
Sales	-	1,116,855	-
Loan Interest Income	50,954	-	-
Gifts, Grants, and Contracts	-	-	-
Other	16	381	15,687
Gain (Loss) on Foreclosed Property	289	-	-
Total Operating Revenues	56,923	1,117,236	1,038,109
OPERATING EXPENSES:			
Salaries and Wages	3,869	37,056	-
Services and Supplies	6,159	256,434	-
Cost of Goods Sold	-	-	-
Distributions to Other Governments	-	-	-
Special Payments	607	205,534	574,309
Bond and COP Interest	38,492	-	-
Depreciation and Amortization	4	20,134	-
Bad Debt Expense	-	-	-
Total Operating Expenses	49,131	519,158	574,309
Operating Income (Loss)	7,792	598,078	463,800
NONOPERATING REVENUES (EXPENSES):			
Bond and COP Interest	-	-	-
Investment Income (Loss)	3,484	6,784	54,992
Other Grants	-	-	-
Other Taxes	-	-	-
Gain (Loss) on Disposition of Assets	-	(1,474)	-
Insurance Recovery	-	12	-
Loan Interest Income	-	-	-
Loan Interest Expense	-	-	-
Other Interest Expense	(39)	(329)	-
Other Nonoperating Items	(12)	(75)	(1)
Total Nonoperating Revenues (Expenses)	3,433	4,918	54,991
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	11,225	602,996	518,791
Capital Contributions	-	-	-
Special Items	-	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(211)	(553,742)	(1)
Change in Net Position	11,014	49,254	518,790
Net Position - Beginning	202,554	205,313	2,398,715
Prior Period Adjustments	3	-	(136,101)
Cumulative Effect of Change in Accounting Principles	(1,020)	(8,216)	-
Net Position - Beginning - As Restated	201,537	197,097	2,262,614
Net Position - Ending	$ 212,551	$ 246,351	$ 2,781,404

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds				
University System	Other	Total	Governmental Activities Internal Service Funds
$ -	$ -	$ 992,558	$ -
-	7,883	11,474	-
13,876	7,396	49,467	-
-	15,868	15,913	462
96,758	328,231	427,017	1,145,397
-	961	2,630	60
-	858	858	50,261
47,243	570,923	1,735,021	2,984
-	36,801	87,755	-
12,326	-	12,326	-
5,345	7,321	28,750	14,874
-	83	372	-
175,548	976,325	3,364,141	1,214,038
171,993	228,746	441,664	221,904
66,735	185,346	514,674	873,331
-	292,466	292,466	10,137
-	62,427	62,427	-
26,142	225,246	1,031,838	4,484
-	19,438	57,930	3,693
18,692	12,892	51,722	26,283
-	3,197	3,197	-
283,562	1,029,758	2,455,918	1,139,832
(108,014)	(53,433)	908,223	74,206
(45,206)	-	(45,206)	-
12,431	3,068	80,759	4,860
39,407	-	39,407	-
-	17,686	17,686	-
(346)	(730)	(2,550)	(2,077)
-	13	25	298
-	-	-	36
-	(103)	(103)	(106)
(902)	(1,935)	(3,205)	(1,296)
7,478	(1,960)	5,430	(193)
12,862	16,039	92,243	1,522
(95,152)	(37,394)	1,000,466	75,728
2,206	123,979	126,185	14,095
(1,956,089)	-	(1,956,089)	-
121,250	233,912	355,162	16,134
(8,483)	(194,814)	(757,251)	(24,140)
(1,936,268)	125,683	(1,231,527)	81,817
1,560,491	1,237,527	5,604,600	559,994
-	86	(136,012)	(1,384)
(27,499)	(57,409)	(94,144)	(56,291)
1,532,992	1,180,204	5,374,444	502,319
$ (403,276)	$ 1,305,887	$ 4,142,917	$ 584,136

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with the business-type activities.	$ (23,130)
Change in net position of business-type activities	$ (1,254,657)

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015
(In Thousands)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Lottery Operations	Unemployment Compensation
Cash Flows from Operating Activities:			
Receipts from Customers	$ 5,721	$ 1,110,880	$ -
Receipts from Other Funds for Services	-	-	-
Loan Principal Repayments	145,612	-	-
Loan Interest Received	50,261	-	-
Grant Receipts	-	-	28,211
Taxes and Assessments Received	-	-	1,003,045
Payments to Employees for Services	(4,588)	(42,169)	-
Payments to Suppliers	(5,064)	(266,819)	-
Payments to Other Funds for Services	-	-	-
Payments to Prize Winners	-	(201,017)	-
Claims Paid	-	-	(575,180)
Loans Made	(54,220)	-	-
Distributions to Other Governments	-	-	-
Other Receipts (Payments)	942	490	(101,069)
Net Cash Provided (Used) in Operating Activities	138,664	601,365	355,007
Cash Flows from Noncapital Financing Activities:			
Proceeds from Bond/COP Sales	31,378	-	-
Principal Payments on Bonds/COPS	(202,930)	-	-
Principal Payments on Loans	(22)	(212)	-
Interest Payments on Bonds/COPS	(40,850)	-	-
Interest Payments on Loans	(39)	(325)	-
Bond/COP Issuance Costs	(566)	-	-
Repayments on Advances Received	-	-	-
Taxes and Assessments Received	-	-	-
Other Gifts and Private Contracts	-	-	-
Grant Receipts	-	-	-
Insurance Recoveries for Other than Capital Assets	-	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(209)	(546,342)	(1)
Disposal of Government Operations	-	-	-
Net Cash Provided (Used) in Noncapital Financing Activities	(213,238)	(546,879)	(1)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from Bond/COP Sales	-	-	-
Principal Payments on Bonds/COPS	-	-	-
Interest Payments on Bonds/COPS	-	-	-
Principal Payments on Loans	-	(532)	-
Interest Payments on Loans	-	-	-
Other Interest Payments	-	-	-
Acquisition of Capital Assets	(53)	(63,289)	-
Payments on Capital Leases	-	-	-
Proceeds from Disposition of Capital Assets	-	542	-
Insurance Recoveries for Capital Assets	-	12	-
Capital Contributions	-	-	-
Transfers from Other Funds	-	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	(53)	(63,267)	-
Cash Flows from Investing Activities:			
Purchases of Investments	(289,867)	(12,711)	-
Proceeds from Sales and Maturities of Investments	370,369	12,254	-
Interest on Investments and Cash Balances	1,935	1,549	54,990
Interest Income from Securities Lending	24	172	3
Interest Expense from Securities Lending	(12)	(75)	(1)
Interest Expense	-	(4)	-
Loan Principal Repayments	-	-	-
Loan Interest Received	-	-	-
Loans Made	-	-	-
Net Cash Provided (Used) in Investing Activities	82,449	1,185	54,992
Net Increase (Decrease) in Cash and Cash Equivalents	7,822	(7,596)	409,998
Cash and Cash Equivalents - Beginning	68,842	340,985	2,080,779
Prior Period Adjustments Restating Beginning Cash Balances	-	-	(18,102)
Cash and Cash Equivalents - Ending	$ 76,664	$ 333,389	$ 2,472,675

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
University System	Other	Total	
$ 144,333	$ 835,849	$ 2,096,783	$ 55,574
-	76,494	76,494	1,314,310
-	40,129	185,741	-
-	10,546	60,807	-
24,616	-	52,827	-
-	-	1,003,045	-
(188,710)	(278,762)	(514,229)	(263,044)
(77,539)	(427,742)	(777,164)	(309,598)
-	(12,902)	(12,902)	(85,997)
-	-	(201,017)	-
-	(219,438)	(794,618)	(647,355)
(25,888)	(62,160)	(142,268)	-
-	(62,367)	(62,367)	-
(22,825)	(35,113)	(157,575)	42,404
(146,013)	(135,466)	813,557	106,294
-	47,528	78,906	-
-	(65,730)	(268,660)	-
-	(1,117)	(1,351)	(789)
-	(20,195)	(61,045)	-
-	(1,934)	(2,298)	(1,401)
-	(1,440)	(2,006)	-
-	60	60	-
-	17,753	17,753	-
8,224	-	8,224	-
40,390	-	40,390	-
-	11	11	-
80,113	234,663	314,776	1,466
-	(180,528)	(727,080)	(32,835)
(495,586)	-	(495,586)	-
(366,859)	29,071	(1,097,906)	(33,559)
350,074	-	350,074	1,265
(319,616)	(1,443)	(321,059)	(12,358)
(39,590)	(20)	(39,610)	(3,599)
-	-	(532)	-
-	-	-	(2)
-	(103)	(103)	-
(27,606)	(7,504)	(98,452)	(20,400)
-	(320)	(320)	(2,765)
44	9	595	988
-	2	14	298
2,115	7,937	10,052	-
34,661	-	34,661	-
82	(1,442)	(64,680)	(36,573)
(147,537)	-	(450,115)	(15,473)
129,308	-	511,931	4,938
8,972	2,884	70,330	4,851
10	67	276	18
(4)	(33)	(125)	(9)
-	-	(4)	-
-	77,894	77,894	40
-	27,785	27,785	36
-	(27,879)	(27,879)	-
(9,251)	80,718	210,093	(5,599)
(522,041)	(27,119)	(138,936)	30,563
634,152	598,260	3,723,018	560,277
-	(20)	(18,122)	(1,588)
$ 112,111	$ 571,121	$ 3,565,960	$ 589,252

(continued on next page)

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015
(In Thousands)
(continued from previous page)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Lottery Operations	Unemployment Compensation
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ 7,792	$ 598,078	$ 463,800
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	4	20,134	-
Amortization of Bond/COP Premium and Discount	(513)	-	-
Amortization of Loss on Refunding	-	-	-
Amortization of Other Bond/COP Related Costs	(1,058)	-	-
Bad Debt Expense	-	-	-
Interest Receipts Reported as Operating Revenue	-	-	-
Interest Payments Reported as Operating Expense	38,751	-	-
Bond/COP Issuance Costs Reported as Operating Expense	520	-	-
Net Changes in Assets and Liabilities:			
Accounts and Interest Receivable (net)	708	(3,406)	(112,138)
Due from Other Funds	-	-	(438)
Due from Other Governments	-	-	1,235
Inventories	-	260	-
Prepaid Items	8	(325)	-
Foreclosed and Deeded Property	2,728	-	-
Net Contracts, Notes, and Other Receivables	-	16	(11,428)
Loans Receivable (net)	91,412	-	-
Net Pension Asset	(1,816)	(14,632)	-
Accounts and Interest Payable	(205)	(10,202)	11,312
Due to Other Funds	-	-	1,843
Due to Other Governments	-	-	665
Unearned Revenue	(137)	(2,461)	-
Matured Bonds/COPs and Coupons Payable	-	-	-
Compensated Absences Payable	(19)	436	-
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	4,501	-
Arbitrage Rebate Payable	-	-	-
Custodial Liabilities	-	(9)	156
Contracts, Mortgages, and Notes Payable	-	-	-
Net OPEB Obligation	4	41	-
(Increase)/Decrease in Deferred Outflows of Resources:			
Loss on Refunding	-	-	-
Contributions Subsequent to the Measurement Date	41	330	-
Change in Employer Contribution & Proportion	(10)	(80)	-
Increase/(Decrease) in Deferred Inflows of Resources:			
Loan Origination	(624)	-	-
Investment Earnings Difference	1,078	8,684	-
Total Adjustments	130,872	3,287	(108,793)
Net Cash Provided (Used) by Operating Activities	$ 138,664	$ 601,365	$ 355,007
Noncash Investing and Capital and Related Financing Activities:			
Net Change in Fair Value of Investments	$ 364	$ 5,064	$ -
Capital Assets Transferred from Governmental Funds	-	-	-
Capital Assets Transferred to Governmental Funds	-	-	-
Advanced Debt Refundings Deposited with Escrow Agent	-	-	-
Capital Leases Entered into During the Year	-	-	-
Capital Assets Acquired Through Long-Term Contracts	-	10	-
Capital Assets Contributed	-	-	-
Foreclosed Property	7,640	-	-
Loan Modifications	135	-	-

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			
University System	Other	Total	Governmental Activities Internal Service Funds
$ (108,014)	$ (53,433)	$ 908,223	$ 74,206
18,692	12,892	51,722	26,283
-	(778)	(1,291)	(994)
-	-	-	1,080
-	-	(1,058)	-
-	3,197	3,197	-
-	(27,785)	(27,785)	-
-	20,207	58,958	3,599
-	1,440	1,960	-
(29,802)	(15,979)	(160,617)	4,435
-	(3,545)	(3,983)	(19,074)
-	(80)	1,155	-
342	(1,405)	(803)	390
(4,557)	(105)	(4,979)	(513)
-	1,234	3,962	-
(741)	-	(12,153)	1
-	(19,718)	71,694	-
(48,971)	(102,233)	(167,652)	(100,243)
(3,429)	(15,842)	(18,366)	1,234
-	3,415	5,258	13,268
-	-	665	-
1,119	(266)	(1,745)	(17,889)
-	(1)	(1)	-
(602)	1,121	936	819
-	-	-	25,655
-	-	4,501	-
-	981	981	-
-	(172)	(25)	32,524
-	(1,327)	(1,327)	76
-	292	337	239
-	9	9	-
1,156	2,305	3,832	2,260
(270)	(563)	(923)	(552)
-	-	(624)	-
29,064	60,673	99,499	59,490
(37,999)	(82,033)	(94,666)	32,088
$ (146,013)	$ (135,466)	$ 813,557	$ 106,294
$ 2,058	$ 305	$ 7,791	$ (139)
-	118,601	118,601	14,095
-	1,894	1,894	152
-	-	-	1,259
-	-	-	3,597
-	-	10	-
91	41	132	-
-	197	7,837	-
-	-	135	-

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015
(In Thousands)

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Investment Trust	Agency
ASSETS				
Cash and Cash Equivalents	$ 3,207,777	$ 42,304	$ 5,454,599	$ -
Investments				
Fixed Income	15,709,555	202	30,775	-
Public Equity	30,273,207	809	-	-
Real Estate	7,759,821	-	-	-
Annuity Contracts	-	347	-	-
Private Equity	14,956,768	-	-	-
Alternative Equity	1,498,023	-	-	-
Opportunity Portfolio	1,073,949	-	-	-
Total Investments	71,271,323	1,358	30,775	-
Custodial Assets	-	4,757	-	1,357,005
Securities Lending Collateral	1,675,195	1,093	170,367	-
Receivables:				
Employer Contributions	48,201	-	-	-
Plan Member Contributions	14,350	-	-	-
Interest and Dividends	318,454	-	7,038	-
Member Loans	11,243	-	-	-
Investment Sales	981,774	-	-	-
Transitional Liability	576,226	-	-	-
Accounts	-	350	-	4,565
From Other Funds	7,043	71	-	-
Loans	-	-	6,422	-
Net Contracts, Notes, and Other Receivables	-	-	-	71,354
Total Receivables	1,957,291	421	13,460	75,919
Prepaid Items	5,834	-	-	-
Receivership Assets	-	-	-	66,818
Capital Assets (net of $19,233 accumulated depreciation):				
Land	944	14	-	-
Buildings, Property, and Equipment	33,906	-	-	-
Total Assets	78,152,270	49,947	5,669,201	1,499,742
LIABILITIES				
Accounts and Interest Payable	2,483,062	223	16,767	3
Obligations Under Securities Lending	1,677,449	1,093	170,367	-
Due to Other Funds	6,779	437	-	-
Due to Other Governments	-	-	-	6,697
Unearned Revenue	580	-	-	-
Custodial Liabilities	117,363	433	-	1,493,042
Contracts, Mortgages, and Notes Payable	-	1,319	-	-
Bonds/COPs Payable	1,315	-	-	-
Net OPEB Obligation	575	-	-	-
Total Liabilities	4,287,123	3,505	187,134	1,499,742
NET POSITION				
Restricted - Held in Trust for:				
Pension Benefits	71,893,566	-	-	-
Other Postemployment Benefits	431,693	-	-	-
Other Employee Benefits	1,539,888	-	-	-
External Investment Pool Participants	-	-	5,482,067	-
Individuals, Organizations and Other Governments	-	46,442	-	-
Total Net Position	$ 73,865,147	$ 46,442	$ 5,482,067	$ -

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015
(In Thousands)

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Investment Trust
ADDITIONS			
Contributions:			
Employer	$ 1,183,792	$ -	$ -
Plan Members	677,000	-	-
Total Contributions	1,860,792	-	-
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	1,671,241	(135)	(7,255)
Interest, Dividends and Other Investment Income	1,582,029	221	39,220
Total Investment Income	3,253,270	86	31,965
Less Investment Expense	551,250	1	2,769
Net Investment Income	2,702,020	85	29,196
Gifts, Grants, and Contracts	-	7	-
Income of Individuals in State Care	-	20	-
Veterans' Income	-	6,968	-
Unclaimed and Escheat Property Revenue	-	83	-
Other Income	3,901	8,007	-
Share Transactions:			
Participant Contributions	-	-	14,870,298
Participant Withdrawals	-	-	14,630,978
Net Share Transactions	-	-	239,320
Total Additions	4,566,713	15,170	268,516
DEDUCTIONS			
Benefits	4,325,280	-	-
Death Benefits	6,044	-	-
Contributions Refunded	16,481	-	-
Healthcare Premium Subsidies	36,154	-	-
Distribution to Other Governments	-	40	-
Special Payments to State Agencies	-	961	-
Distribution to Participants	-	-	32,474
Administrative Expenses	45,792	9,530	-
Payments in Accordance with Trust Agreements	-	3,140	-
Total Deductions	4,429,751	13,671	32,474
Change in Net Position Held in Trust For:			
Pension Benefits	34,956	-	-
Other Postemployment Benefits	38,788	-	-
Other Employee Benefits	63,218	-	-
External Investment Pool Participants	-	-	236,042
Individuals, Organizations and Other Governments	-	1,499	-
Net Position - Beginning	73,728,185	26,841	5,246,025
Prior Period Adjustments	-	18,102	-
Net Position - Beginning - As Restated	73,728,185	44,943	5,246,025
Net Position - Ending	$ 73,865,147	$ 46,442	$ 5,482,067

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Discretely Presented Component Units
June 30, 2015
(In Thousands)

	SAIF Corporation	University of Oregon	Oregon State University	Portland State University	Other	Total
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 43,383	$ 343,446	$ 88,973	$ 55,736	$ 228,098	$ 759,636
Cash and Cash Equivalents - Restricted	-	-	-	-	4,017	4,017
Investments	4,512,514	-	-	-	179,728	4,692,242
Securities Lending Collateral	146,178	14,744	12,747	7,064	-	180,733
Accounts and Interest Receivable (net)	394,718	62,589	88,308	57,494	429,216	1,032,325
Pledges, Contributions, and Grants Receivable (net)	-	20,095	21,137	-	46,440	87,672
Due from Other Governments	-	-	-	-	2,504	2,504
Due from Primary Government	172	1,079	34,285	3,916	-	39,452
Inventories	76	3,863	7,343	613	19,963	31,858
Prepaid Items	-	20,817	6,715	12,110	29,328	68,970
Total Current Assets	5,097,041	466,633	259,508	136,933	939,294	6,899,409
Noncurrent Assets:						
Cash and Cash Equivalents - Restricted	-	46,826	15,704	-	253	62,783
Investments	-	927,677	-	-	652,309	1,579,986
Investments - Restricted	-	-	790,494	165,257	632,476	1,588,227
Net Contracts, Notes and Other Receivables	-	16,650	18,771	5,900	58,864	100,185
Pledges, Contributions, and Grants Receivable (net)	-	97,020	23,935	-	159,367	280,322
Net Pension Assets	-	37,466	40,834	20,769	96,652	195,721
Capital Assets:						
Land	3,029	69,971	23,771	53,930	74,686	225,387
Buildings, Property, and Equipment	41,562	1,778,730	1,495,805	774,770	2,744,901	6,835,768
Construction in Progress	-	57,453	101,594	5,688	54,307	219,042
Infrastructure	-	-	31,133	-	-	31,133
Works of Art and Other Nondepreciable Assets	-	39,926	28,749	2,965	-	71,640
Less Accumulated Depreciation and Amortization	(30,280)	(643,442)	(698,083)	(352,869)	(1,342,191)	(3,066,865)
Total Noncurrent Assets	14,311	2,428,277	1,872,707	676,410	3,131,624	8,123,329
Total Assets	5,111,352	2,894,910	2,132,215	813,343	4,070,918	15,022,738
DEFERRED OUTFLOWS OF RESOURCES						
Hedging Derivatives	-	156	4	-	12,498	12,658
Loss on Refunding	-	-	8,193	6,386	2,758	17,337
Related to Pensions	-	13,867	16,676	7,687	37,750	75,980
Total Deferred Outflows of Resources	-	14,023	24,873	14,073	53,006	105,975

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Discretely Presented Component Units
June 30, 2015
(In Thousands)

	SAIF Corporation	University of Oregon	Oregon State University	Portland State University	Other	Total
LIABILITIES						
Current Liabilities:						
Accounts and Interest Payable	98,364	77,452	68,425	23,799	246,444	514,484
Obligations Under Securities Lending	146,180	14,744	12,747	7,064	-	180,735
Due to Other Governments	1,460	-	-	-	23,535	24,995
Due to Primary Government	26,649	22,259	17,452	12,069	1,681	80,110
Unearned Revenue	223,501	60,384	51,522	31,537	75,069	442,013
Compensated Absences Payable	4,393	17,297	21,176	7,784	68,559	119,209
Reserve for Loss and Loss Adjustment Expense	255,309	-	-	-	-	255,309
Claims and Judgments Payable	-	-	-	-	28,775	28,775
Custodial Liabilities	14,153	24,830	14,747	14,470	-	68,200
Contracts, Mortgages, and Notes Payable	-	9,406	3,065	2,226	1,966	16,663
Bonds/COPs Payable	-	258	202	-	14,700	15,160
Obligations Under Capital Lease	-	237	169	-	1,038	1,444
Total Current Liabilities	770,009	226,867	189,505	98,949	461,767	1,747,097
Noncurrent Liabilities:						
Obligations Under Life Income Agreements	-	48,765	25,422	1,268	32,261	107,716
Compensated Absences Payable	-	1,725	7,498	43,025	-	52,248
Reserve for Loss and Loss Adjustment Expense	2,706,754	-	-	-	-	2,706,754
Claims and Judgments Payable	-	-	-	-	30,730	30,730
Custodial Liabilities	-	9,099	-	2,635	69,043	80,777
Contracts, Mortgages, and Notes Payable	-	48,495	32,437	20,340	26,478	127,750
Bonds/COPs Payable	-	57,485	56,958	-	654,396	768,839
Obligations Under Capital Lease	-	8,367	-	-	5,092	13,459
Advances from Primary Government	-	542,339	377,778	228,766	37,774	1,186,657
Net OPEB Obligation	3,993	7,010	7,537	3,744	8,222	30,506
Derivative Instrument Liabilities	-	-	-	-	13,951	13,951
Total Noncurrent Liabilities	2,710,747	723,285	507,630	299,778	877,947	5,119,387
Total Liabilities	3,480,756	950,152	697,135	398,727	1,339,714	6,866,484
DEFERRED INFLOWS OF RESOURCES						
Gain on Refunding	-	1,455	-	-	3,402	4,857
Related to Pensions	-	72,295	78,792	40,075	187,801	378,963
Total Deferred Inflows of Resources	-	73,750	78,792	40,075	191,203	383,820
Net Position						
Net Investment in Capital Assets	14,311	709,903	558,316	220,546	820,360	2,323,436
Restricted-Nonexpendable	-	461,029	379,019	46,045	268,737	1,154,830
Restricted for:						
Education	-	566,128	343,405	78,172	574,712	1,562,417
Workers' Compensation	1,616,285	-	-	-	-	1,616,285
Debt Service	-	8,472	3,798	-	-	12,270
Capital Projects	-	51,712	23,020	-	-	74,732
Unrestricted	-	87,787	73,603	43,851	929,198	1,134,439
Total Net Position	$ 1,630,596	$ 1,885,031	$ 1,381,161	$ 388,614	$ 2,593,007	$ 7,878,409

Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Units
For the Year Ended June 30, 2015
(In Thousands)

	SAIF Corporation	University of Oregon	Oregon State University
Operating Revenues:			
Federal Revenue	$ -	$ 93,846	$ 171,063
Charges for Services	-	368,096	287,703
Sales	-	187,735	185,554
Premiums Earned (net)	474,355	-	-
Investment Income (net)	-	53,608	-
Gifts, Grants, and Contracts	-	164,020	114,198
Other Revenues	28,540	9,203	12,063
Total Operating Revenues	502,895	876,508	770,581
Operating Expenses:			
Salaries and Wages	-	511,316	584,425
Services and Supplies	-	192,144	274,528
Loss and Loss Adjustment Expense	270,861	-	-
Policyholders' Dividends	164,950	-	-
Underwriting Expenses	120,304	-	-
Mortgage Assistance Payments	-	-	-
Bond and COP Interest	-	-	-
Depreciation and Amortization	-	54,482	49,538
Special Payments	-	53,334	42,762
Other Expenses	1,480	-	-
Total Operating Expenses	557,595	811,276	951,253
Operating Income (Loss)	(54,700)	65,232	(180,672)
Nonoperating Revenues (Expenses):			
Investment Income	292,074	14,096	4,988
Other	-	12,763	37,450
State Appropriations	-	57,859	176,270
Other Grants	-	31,908	45,093
Gain/(Loss) on Disposition of Assets	-	(3,284)	(1,501)
Other Interest Expense	-	(33,595)	(17,750)
Total Nonoperating Revenues (Expenses)	292,074	79,747	244,550
Income (Loss) Before Capital Contributions	237,374	144,979	63,878
Capital Contributions	-	18,996	41,467
Nonexpendable Donations	-	-	450
Special and Extraordinary Items:			
Special Item	-	-	224,667
Total Special and Extraordinary Items	-	-	224,667
Change in Net Position	237,374	163,975	330,462
Net Position - Beginning	1,393,222	1,624,904	1,125,253
Prior Period Adjustments	-	164,558	-
Cumulative Effect of Change in Accounting Principles	-	(68,406)	(74,554)
Net Position - Beginning - As Restated	1,393,222	1,721,056	1,050,699
Net Position - Ending	$ 1,630,596	$ 1,885,031	$ 1,381,161

The notes to the financial statements are an integral part of this statement.

Portland State University	Other	Total	Adjustments to Recast	Statement of Activities
$ 40,991	$ 31,657	$ 337,557	$ (337,557)	$ -
186,119	1,874,767	2,716,685	1,069,555	3,786,240
86,951	-	460,240	(460,240)	-
-	-	474,355	(474,355)	-
-	506	54,114	(54,114)	-
46,542	571,471	896,231	1,177,405	2,073,636
10,317	106,935	167,058	(167,058)	-
370,920	2,585,336	5,106,240	753,636	5,859,876
266,694	1,305,294	2,667,729	-	2,667,729
114,487	800,177	1,381,336	-	1,381,336
-	-	270,861	-	270,861
-	-	164,950	-	164,950
-	-	120,304	-	120,304
-	33,163	33,163	-	33,163
-	26,893	26,893	-	26,893
26,256	129,479	259,755	-	259,755
36,033	-	132,129	-	132,129
8,916	29	10,425	-	10,425
452,386	2,295,035	5,067,545	-	5,067,545
(81,466)	290,301	38,695	753,636	792,331
3,451	3,701	318,310	(318,310)	-
(2,540)	(11,960)	35,713	(35,713)	-
69,672	33,448	337,249	(337,249)	-
53,174	-	130,175	(130,175)	-
(52)	-	(4,837)	4,837	-
(11,629)	-	(62,974)	62,974	-
112,076	25,189	753,636	(753,636)	-
30,610	315,490	792,331	-	792,331
2,835	4,791	68,089	-	68,089
-	-	450	-	450
144,979	(1,572,278)	(1,202,632)	-	(1,202,632)
144,979	(1,572,278)	(1,202,632)	-	(1,202,632)
178,424	(1,251,997)	(341,762)	-	(341,762)
248,109	4,025,234	8,416,722	-	8,416,722
-	(180,230)	(15,672)	-	(15,672)
(37,919)	-	(180,879)	-	(180,879)
210,190	3,845,004	8,220,171	-	8,220,171
$ 388,614	$ 2,593,007	$ 7,878,409	$ -	$ 7,878,409

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The State of Oregon (State) was admitted to the Union in 1859 and is governed by an elected governor and a ninety-member elected legislative body. The accompanying financial statements present the State, including all agencies, boards, commissions, courts, and colleges and universities that are legally part of the State (primary government), and the State's component units. Component units are legally separate entities for which the primary government is financially accountable or entities that warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government.

Discretely Presented Component Units

The State reports discretely presented component units in a separate column in the government-wide financial statements to emphasize they are legally separate from the State. The component unit column in the government-wide financial statements includes the data of the State's discretely presented component units.

SAIF Corporation (SAIF) is a public corporation created by an act of the Legislature. SAIF is authorized to write workers' compensation insurance coverage in Oregon and certain other jurisdictions as required by the Oregon Department of Consumer and Business Services and to service accounts in the assigned risk pool. SAIF is governed by a board of directors appointed by the Governor and is financed solely through policyholder premiums and investment income. The term of office for a board member is four years, but a member serves at the pleasure of the Governor. SAIF reports on a fiscal year ended December 31 and uses proprietary fund accounting principles. The December 31, 2014, financial information of SAIF is included in this report.

Pursuant to Senate Bill (SB) 270, passed by the Oregon Legislature during fiscal year 2013, Oregon State University (OSU), University of Oregon (UO) and Portland State University (PSU) are each an independent public body legally separate from the State as of July 1, 2014. Each university is governed by a citizen board appointed by the Governor. The universities are primarily financed through student tuition and fees, sales and services of auxiliary enterprises, and federal, state, and local grants and contracts. The financial information presented for the universities include the related university's foundation. OSU, UO, and PSU also receives General Fund moneys from the State and uses proprietary fund accounting principles.

The Oregon Health and Science University (OHSU) is a governmental entity performing governmental functions and exercising governmental powers. OHSU is an independent public corporation governed by a board of directors appointed by the Governor and confirmed by the Senate. As an academic health center, OHSU provides education and training to healthcare professionals, conducts biomedical research, and provides patient care and public service. It is financed primarily through patient service fees, government grants and contracts, tuition charges, and other incidental fees. OHSU also receives General Fund moneys from the State. OHSU uses proprietary fund accounting principles.

The Oregon University System (OUS) Foundations are not-for-profit corporations that provide assistance in fundraising, public outreach, and other support for Oregon's four public universities under the OUS. The OUS foundations report under Financial Accounting Standards Board (FASB) Accounting Standards Codification 958, *Not-for-Profit Entities* (ASC 958). The OUS foundations are component units of the Oregon University System, a proprietary fund of the State, because the majority of resources that each foundation holds and invests can only be used by, or for the benefit of, the OUS universities. Combined, the foundations are discretely presented as a component unit of the State.

The Oregon Affordable Housing Assistance Corporation (OAHAC) is an Oregon not-for-profit public benefit corporation. The director of the Oregon Housing and Community Services Department (OHCSD) appoints two of the five OAHAC board members and approves the candidacy of the remaining at-large members. The at-large directors may be removed at any time by a vote of two-thirds or more of the directors then in office, and the government directors may be removed at any time by the director of OHCSD.

The primary purpose of OAHAC is to administer programs targeted to help prevent or mitigate the impact of foreclosures on low and moderate income persons; to help stabilize housing markets in Oregon; to provide resources of affordable or subsidized housing; to develop and administer programs related to housing permitted under the Emergency Economic Stabilization Act of 2008 (EESA), as amended; and act as an institution eligible to receive Troubled Asset Relief Program (TARP) funds under EESA. Currently, OAHAC administers Oregon's

share of the Hardest Hit Fund programs, which are part of TARP. OAHAC reports on a fiscal year ended December 31 and has adopted ASC 958. The December 31, 2014, financial information of OAHAC is included in this report.

The State Fair Council is a newly formed independent public corporation, charged with creating a new, sustainable business model for the Oregon State Fair and Exposition Center that can capitalize on sponsorships, rapidly changing market conditions, and streamlined contracting and employment practices. The State Fair Council is a governmental entity performing governmental functions and exercising governmental powers. The Governor appoints members of the Council, and may remove them at will. It is financed primarily through fees for renting the fairground property and facilities and operating the annual Oregon State Fair.

The operations of the State Fair Council commenced January 1, 2015, and its fiscal year will end December 31, 2015. In order to report a complete fiscal year of the State Fair Council, its financial information will not be included in the State's Comprehensive Annual Financial Report until the State's fiscal year 2016 report.

SAIF, OSU, UO and PSU are reported as major component units due to the significant transactions with the primary government. The remaining component units are reported as nonmajor. Readers may obtain complete financial statements for SAIF, OSU, UO, PSU, OHSU, the OUS Foundations, and OAHAC from their respective administrative offices or from the Oregon Department of Administrative Services, Chief Financial Office, 155 Cottage Street NE, Salem, Oregon 97301-3969.

Related Organizations

The following professional and occupational licensing boards are semi-independent: the Board of Architect Examiners, the Board of Examiners for Engineering and Land Surveying, the Landscape Architect Board, the Board of Geologist Examiners, the Board of Optometry, the Board of Massage Therapists, the Physical Therapists Licensing Board, the Appraiser Certification and Licensure Board, the Landscape Contractors Board, the Wine Board, and the Patient Safety Commission. Although the Governor appoints the administrators of these boards, the boards are all self-supporting and the State's accountability for these organizations does not extend beyond making the appointments. The State has no financial accountability for these related organizations.

The Oregon Utility Notification Center (OUNC) is an independent not-for-profit public corporation. Although the Governor appoints members to OUNC's board of directors, OUNC is funded through fees paid by operators of underground utilities who subscribe to OUNC. The OUNC receives no moneys or appropriation from the State, and the State has no financial accountability for OUNC.

The Oregon Health Insurance Exchange Corporation, dba Cover Oregon, is an independent public corporation established under the federal Affordable Care Act of 2010 that offers health insurance and coverage options to individuals, families, and small employers. It is governed by a nine-member board of directors, appointed by the Governor. The Oregon Legislature approved a bill of dissolution and the Governor signed the bill into law in March 2015. The bill ceases Cover Oregon operations as of June 30, 2015. Thereafter, the State's marketplace will operate as a division within the Department of Consumer Business Services.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been eliminated from these statements through consolidation, except for interfund activity that represents a true exchange of goods and services between funds. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Interfund activity within governmental and within business-type activities has been eliminated through consolidation; however, balances due and resource flows between governmental and business-type activities have not been eliminated. The *primary government* is reported separately from its *component units*.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Direct expenses include administrative overhead charges for centralized services charged to functions through internal service funds. *Program revenues* include (1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, (2) operating grants and contributions

that are restricted to meeting the operational requirements of a particular function, and (3) capital grants and contributions that are restricted to meeting the capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The State uses the economic resources measurement focus and the accrual basis of accounting in preparing the government-wide financial statements, as well the financial statements of the proprietary funds, internal service funds, and fiduciary funds (except for agency funds, which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Income taxes are recognized as revenue, net of estimated refunds, in the year when the underlying exchange (earning of income) has occurred, to the extent such amounts are measurable. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The State uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the governmental fund financial statements. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible within the current year or soon enough thereafter to pay liabilities existing at the end of the year. For this purpose, the State considers revenues as available, if they are collected within 90 days of the end of the current fiscal year. Primary revenue sources susceptible to accrual are income taxes, excise taxes, fines, forfeitures, and federal revenues. Income tax revenue, net of estimated refunds, is recognized in the fiscal year in which the underlying exchange has occurred and it becomes measurable and available. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant eligibility requirements have been met. Revenue items not susceptible to accrual, such as licenses, fees, and the cash sales of goods and services, are considered measurable and available only when cash is received.

For governmental funds, expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The State reports the following major governmental funds:

General Fund

The *General Fund* is the State's primary operating fund and accounts for all financial resources of the general government, except those accounted for in another fund. Beginning in fiscal year 2011, the General Fund includes some activity previously accounted for in special revenue funds. The implementation of Governmental Accounting Standards Board (GASB) Statement No. 54 necessitated this change. Statement No. 54 clarifies that one or more specific restricted or committed revenues must comprise a substantial portion of the "inflows" reported in a special revenue fund. The State considers 30 percent as "substantial" for financial reporting purposes. In special revenue funds where a substantial portion of the inflows will not derive from specific restricted or committed revenue sources, the funds' activities are accounted for in the General Fund. The *Oregon Rainy Day Fund*, for example, was previously reported as an individual major special revenue fund but is now reported in the General Fund. The Rainy Day Fund relies on resources that are "transferred" from the General Fund in accordance with state law and which, along with investment income generated, can be appropriated by the Legislature only when certain specific criteria related to economic or revenue conditions have been met. The funding source for the Rainy Day Fund is not a specific restricted or committed revenue.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *Health and Social Services Fund* accounts for programs that provide assistance, services, training, and healthcare to individuals and families who do not have sufficient resources to meet their basic needs.

The primary sources of funding for these programs come from federal grants, tobacco taxes, healthcare provider taxes, and charges for services.

The *Public Transportation Fund* accounts for the planning, design, construction, and maintenance of highways, roads, bridges, and public systems relating to air, water, rail, and highway transportation. Funding is provided from dedicated highway user taxes and vehicle registration taxes, in addition to various federal highway administration funds.

The *Environmental Management Fund* accounts for programs that promote, protect, and preserve the State's forests, parks, wildlife, fish, and waterways. The main funding sources for these programs are user fees, federal grants, and sales revenue.

The *Common School Fund* accounts for programs to manage state-owned land, including a leasing program that generates annual revenues, for the benefit of the public school system. Estate funds that become the property of the State, unclaimed property, and income derived from unclaimed property are also accounted for in this fund. Statutory and constitutional provisions stipulate that the assets of the fund, including investment income, must be used for common school purposes. The primary funding sources for these programs include investment income, leasing revenues, forest management, unclaimed property receipts, and transfers from other funds.

The State reports the following major proprietary (enterprise) funds:

The *Housing and Community Services Fund* accounts for activities that finance multi-family rental housing and single-family mortgages for low to moderate-income families. Mortgage loans related to these activities are financed with the proceeds of bonds issued under various bond indentures of trust. Mortgage loan payments and interest earnings on invested bond proceeds are used to pay debt service on the bonds.

The *Lottery Operations Fund* accounts for the operation of the Oregon State Lottery which markets and sells Lottery products to the public. The primary objective of the Oregon State Lottery is to produce the maximum amount of net revenues to be used for creating jobs, furthering economic development, financing public education, and restoring and protecting Oregon's parks, beaches, watersheds, and critical fish and wildlife habitats.

The *Unemployment Compensation Fund* accounts for federal moneys and unemployment taxes collected from employers to provide payment of benefits to the unemployed.

The *University System Fund* accounts for the operations of Oregon's public universities still operating within the Oregon University System. These universities include Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, and Western Oregon University. The Chancellor’s Office is also accounted for within the fund. Funding is from General Fund appropriations, tuition and fees, and auxiliary enterprise revenues, in addition to funds from external donors and federal agencies.

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Additionally, the State reports the following fund types:

Governmental Fund Types (reported as nonmajor funds)

Like major special revenue funds, nonmajor *special revenue funds* also account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt service funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term obligations.

The *Capital Projects Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities.

The *Permanent Fund* accounts for and reports resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State and its citizenry.

Proprietary Fund Types (reported as nonmajor funds)

Nonmajor *enterprise funds* account for and report business-type activities for which fees are charged to external users for goods and services.

Internal service funds account for goods and services provided by state agencies to other state agencies and to other governmental units on a cost-reimbursement basis. These goods and services include central services such as accounting, budgeting, personnel, mail, printing, copy center, data center, property development, telecommunications, motor pool, and an insurance fund. Legal, banking, and audit services, as well as state employee health benefits programs, are also accounted for and reported in the internal service funds.

Fiduciary Fund Types

The *Pension and Other Employee Benefit Trust Fund* accounts for activities of the Public Employees Retirement System (PERS), which administers resources for the payment of retirement, disability, postemployment healthcare, and death benefits to members and beneficiaries of the retirement system.

The *Private Purpose Trust Fund* accounts for all trust arrangements, other than those properly reported in pension and other employee benefit trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

The *Investment Trust Fund* accounts for the portion of cash and investment pools managed by the Oregon State Treasury belonging to entities other than the State. Oregon reports the State's portion of the pools within the funds of the State.

The *Agency Fund* accounts for assets held by the State as an agent for other governmental units, organizations, or individuals. For example, the Department of Consumer and Business Services holds deposits and investments to secure the faithful performance by insurers of insurance company obligations, including claims due to policyholders. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not measure the results of operations.

D. Deposits and Investments

Deposits

Cash deposits not held in a cash management or investment pool are classified as cash and cash equivalents. Cash deposits that are held in a cash management or investment pool are classified as cash and cash equivalents when the pool has the general characteristics of a demand deposit account. Cash and cash equivalents include: cash on hand, cash and investments held by the Oregon State Treasury in the OSTF, cash deposits held in demand deposit accounts with custodial banks, and cash deposits of debt proceeds in investment funds held by a trustee.

Investments – Excluding Oregon Public Employees Retirement Fund

Investments are reported at fair value with the following exceptions, which are reported using cost-based measures:

- Nonparticipating interest-earning investment contracts and certain investments not held for investment purposes.
- Investments in the OSTF with remaining maturities of up to 90 days are carried at amortized cost, which approximates fair value. The State reports these investments as cash and cash equivalents on the balance sheet or statement of net position, but as investments in Note 2.

Changes in the fair value of investments are recognized as investment income (loss) in the current year.

The fair value of publicly traded debt and equity securities in active markets is determined by the custodian's pricing agent using nationally recognized pricing services. The custodian's pricing agent values equity securities traded on a national or international exchange at the last reported sales price and generally values debt securities by using evaluated bid prices. The fair value of publicly traded real estate investment trust (REIT) securities is determined by the custodian's pricing agent using recognized pricing services. For securities that do not have an active market, such as private placements or commingled investment vehicles, the value is stated at cost. The benchmark used to value a debt security, for example, typically has a coupon rate and

maturity date comparable to the debt security being valued, as well as similar market risk. Real estate and restricted stock investments outside of external investment pools are stated at cost.

Investments – Oregon Public Employees Retirement Fund

Investments in private equities are recorded at fair value, as of June 30, 2015, as determined by PERS management based on valuation information provided by the general partner. Investments in private equities representing publicly traded securities are stated at quoted market price. Where observable market inputs are not available, valuation models are applied. The general partner determines fair value based on the best information available and by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public and private transactions, valuations for publicly traded comparable companies, and/or other measures, and consideration of any other pertinent information, including the types of securities held and the general partner's own assumptions regarding the investment. The methods used to determine the fair value of these investments typically include (1) the market approach, whereby fair value is derived by reference to observable valuation measures for comparable companies or assets, and (2) the income approach (e.g., the discounted cash flow method).

Investments in real estate, with the exception of publicly traded REITs, for which observable market prices in active markets do not exist, are reported at fair value as of June 30, 2015, as determined by PERS management based on valuation information provided in good faith by the general partner. Direct investments in real estate are appraised every two to three years and, between appraisals, investment managers adjust values to reflect current and projected operating performance and financial transactions. In the absence of observable market prices, general partners determine the fair value of real estate partnerships using valuation methods considered most appropriate. A variety of factors are considered, including the nature of the investment, local market conditions, trading values on public exchanges for comparable investments, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment.

Investments in the PERS Opportunity and Alternatives portfolios are recorded at fair value as of June 30, 2015, as determined by the respective general partner or account manager. (The Opportunity portfolio is an investment portfolio within the PERS Fund that utilizes investment approaches across a wide range of investment opportunities, while investments in the Alternatives portfolio represent alternative investment strategies, including infrastructure, natural resources, natural resource commodities, and hedge fund strategies.) Investments in these portfolios are reported at the net asset value of the general partner. Where observable market inputs are not available, valuation models are applied. The general partner or account manager determines fair value based on the best information available and by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public and private transactions, valuations for publicly traded comparable companies, and/or other measures, and consideration of any other pertinent information, including the types of securities held and the general partner's own assumptions regarding the investment. The methods used to determine the fair value of these investments typically include (1) the market approach, whereby fair value is derived by reference to observable valuation measures for comparable companies or assets, and (2) the income approach (e.g., the discounted cash flow method).

Due to the inherent uncertainty and the degree of judgment involved in determining certain private equity, Opportunity, Alternatives, and real estate portfolio investment valuations, the fair values reflected in the accompanying financial statements may differ significantly from values that would have been used had a readily determinable market value for the investments existed, and the difference could be material. In addition, these investments are generally considered illiquid long-term investments, and the recorded fair values may differ from the amounts that eventually may be realized from the sale or other disposition of these investments.

Derivatives

In accordance with State investment policies, the Oregon State Treasury participates in contracts that have derivative characteristics. Derivative instruments are used to lower the cost of borrowing, to hedge against fluctuations in foreign currency rates quickly and cost effectively replicate certain asset class exposures (e.g. stocks, bonds), and manage overall fund risk.

The fair value of *effective* hedging derivative instruments are reported on the proprietary funds statement of net position and the statement of fiduciary net position as assets and liabilities as applicable, with offsetting balances reported as deferred inflows of resources or deferred outflows of resources. The changes in fair value

of effective hedging derivative instruments are also reflected on the proprietary funds statement of net position and the statement of fiduciary net position; such changes are not reported on the statement of revenues, expenses, and changes in proprietary fund net position and the statement of changes in fiduciary net position.

Ineffective hedging derivative instruments and derivatives purchased as investments are reported at fair value on the proprietary funds statement of net position and the statement of fiduciary net position. The related changes in fair value are reported on the statement of revenues, expenses, and changes in proprietary fund net position and the statement of changes in fiduciary net position.

E. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Trade receivables consist of revenues earned or accrued in the current period and are shown net of estimated uncollectible amounts. Income tax receivables deemed reasonably estimable are reported, net of estimated uncollectible amounts, in the fiscal year when the underlying exchange has occurred. Income tax receivables that may arise in the future from audits of prior years and discovery of non-filers are not included in receivables or revenues in the financial statements because these transactions are not measurable.

F. Intrafund Transactions

Intrafund balances (due to/from other funds and advances to/from other funds) and intrafund activity (transfers to/from other funds) within each fund in the financial statements have been eliminated.

G. Inventories

Inventories, which consist primarily of operating supplies, are stated at cost utilizing the first-in, first-out cost valuation method. In governmental funds, inventories are recorded as expenditures when purchased. Reported inventories in governmental funds are offset by nonspendable fund balance since the fund balance associated with inventory is not in spendable form. However, in the case of inventory held for resale, if the proceeds from the sale of the inventory are restricted, committed, or assigned to a specific purpose, the related fund balance is classified as restricted, committed, or assigned, as appropriate, rather than as nonspendable. In proprietary funds, inventories are expended when consumed rather than when purchased.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items. In governmental funds and proprietary funds, prepaid items are accounted for using the consumption method. In governmental funds, a portion of fund balance equal to the prepaid items is classified as nonspendable to indicate that it is not in spendable form.

I. Restricted Assets

Certain proceeds of the State's bond and certificate of participation (COP) issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants or COP financing agreements. Other restrictions on asset use may change the nature and availability of an asset. Various grant moneys, loan acquisition funds, customer deposits, and insurance funds, are also classified as restricted assets.

J. Foreclosed and Deeded Properties

Properties acquired through foreclosure proceedings or by acceptance of deeds in lieu of foreclosure are recorded at the lower of cost or market.

K. Receivership Assets

Net assets of insurance companies that have been placed into receivership under the control of the Department of Consumer and Business Services in accordance with Oregon Revised Statutes are recorded as receivership assets in the agency fund.

L. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (i.e., highways, tunnels, bridges, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the State as assets with an initial cost of $5,000 or more and an estimated useful life of more than one year. Such assets, when purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure acquired prior to fiscal years ended after June 30, 1980, is reported. The costs of normal maintenance and repairs that do not add to the value of assets or significantly extend asset lives are expensed rather than capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Significant interest expense incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as its component units, are depreciated over their estimated useful lives using the straight-line method, unless they are considered inexhaustible. Useful lives for buildings and related assets range from 10 to 75 years, while useful lives of equipment and machinery range from 3 to 50 years. For infrastructure assets, useful lives range from 5 to 75 years, with docks, dikes and dams having useful lives between 30 to 50 years. Useful lives for depreciable works of art and historical treasures range from 10 to 30 years, and useful lives for motor vehicles range from 3 to 30 years. Data processing software and hardware have useful lives ranging from 3 to 10 years.

M. Compensated Absences

Employees accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since the State does not pay any amounts when employees separate from state service. A liability for vacation leave (compensated absences) is accrued when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for compensated absences is reported in governmental funds only if the liabilities have matured, for example, as the result of employee resignations and retirements.

N. Long-term Obligations

In the government-wide statement of net position, long-term debt and other long-term obligations are reported as liabilities for governmental activities or business-type activities, as applicable. In proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond or certificate of participation (COP) premiums and discounts are reported as a direct addition to or deduction from the applicable bond/COP payable and amortized over the term of the debt. Bond/COP issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as a prepaid item and are amortized over the duration of the related bond/COP.

In the fund financial statements, governmental funds recognize bond/COP premiums and discounts, as well as bond/COP issuance costs, in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issues are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as other debt service expenditures.

O. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits

are recognized in the month they are earned, and withdrawals are recognized in the month they are due and payable. Plan investments are reported at fair value.

P. Fund Equity

The difference between assets and liabilities is labeled "Net position" on the government-wide, proprietary fund, and fiduciary fund financial statements and "Fund Balance" on the governmental fund financial statements.

In governmental funds, fund balance is reported in five components: (1) Nonspendable, (2) Restricted, (3) Committed, (4) Assigned, and (5) Unassigned.

Nonspendable fund balances include amounts that cannot be spent because they are either not in *spendable* form or they are legally or contractually required to be maintained intact.

*Restricted fund balance*s are the result of constraints imposed by law through constitutional provisions or enabling legislation or by parties outside the State, such as creditors, grantors, contributors, or laws or regulations of other governments. Enabling legislation authorizes the State to levy, assess, charge, or otherwise mandate payment from external resource providers and includes a legally enforceable requirement that those resources be used only for specific purposes stipulated by the legislation. The restricted fund balance category has been further broken down on the face of the governmental fund financial statements to indicate the various sources of those constraints.

Committed fund balance results from constraints imposed by bills (passed by the Legislature and signed into law by the Governor) that are separate from the authorization to raise the underlying revenue.

Assigned fund balance represents amounts that are constrained by the State's intent to use them for specific purposes, which are neither restricted nor committed. Intent is expressed by the Legislature via the budget process when there is no legislation other than a budget bill imposing constraints.

Unassigned fund balance is the residual amount in the General Fund not included in the previous four categories. Deficit fund balances in other governmental funds are reported as unassigned. See Note 21 for additional information on fund equity.

In the government-wide statement of net position and the proprietary fund statement of net position, net position is reported in three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Restricted net position results from restrictions imposed on a portion of net position by law through constitutional provisions or enabling legislation or by parties outside the State, such as creditors, grantors, contributors, or laws or regulations of other governments.

For fund balance classification purposes, state agencies determine the appropriate classification of each of their detail-level funds based on the resources accounted for in those funds and the constraints on spending those resources. Agencies expend resources from the appropriate funds based on each fund's specific spending constraints. Ending fund balances, therefore, are the result of that spending. In the event that an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available for use, the individual state agencies determine the order in which those resources are spent, as there is no statewide flow assumption policy. The same is true of an expenditure incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available.

The state maintains two stabilization funds: the Oregon Rainy Day Fund within the General Fund and the Education Stability Fund within the Educational Support Fund, a nonmajor special revenue fund. The resources in both funds may be expended only when specific non-routine budget shortfalls occur. See Note 21 for additional information about the stabilization funds.

Q. Changes in Accounting Principle

For the fiscal year ended June 30, 2015, the State implemented three new accounting standards issued by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (an amendment of GASB Statement No. 27) the purpose of which is to improve the information provided by state and local governmental employers about the financial support for pension plans administered through certain trusts. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and

attribute that present value to periods of employee service. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan. See Note 15 for additional information.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards for government combinations and disposals of government operations. See Note 23 for additional information.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (an amendment of GASB Statement No. 68) addresses an issue regarding application of the transition provisions of GASB Statement No. 68, which relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. See Note 15 for additional information.

R. Pending Changes in Accounting Principle

One new accounting standard is effective for the fiscal year ending June 30, 2016.

GASB Statement No. 72, *Fair Value Measurement and Application* establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. The State is currently evaluating the impact of this standard on future financial statements.

2. DEPOSITS AND INVESTMENTS

The State's investment policies are governed by statute and the Oregon Investment Council (Council). The State Treasurer (Treasurer) is the investment officer for the Council and is responsible for the funds on deposit with the Oregon State Treasury (Treasury). In accordance with Oregon statutes, the investment funds are invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution. The Treasurer is authorized to use demand deposit accounts, fixed income investments, and direct equity investments, although the majority of equity investments are currently directed by external investment managers under contract with the Council. Furthermore, common stock investments are limited to not more than 50 percent of the moneys contributed to the Oregon Public Employees Retirement Fund (OPERF) and the Industrial Accident Fund (SAIF Corporation) and not more than 65 percent of the other trust and endowment fund managed by the Council or the Treasury. The Deferred Compensation Fund, the Education Stability Fund, the State Board of Higher Education, and Common School Fund may also invest in common stock.

The Treasurer maintains the Oregon Short-Term Fund (OSTF), a cash and investment pool that is available for use by all funds and local governments. Oregon reports the State's portion of the pool within the funds of the State. The portion of the pool belonging to local governments is reported in an investment trust fund. Because the pool operates as a demand deposit account, each fund's portion of the pool is classified on the financial statements as cash and cash equivalents. A separate financial report for the OSTF is prepared by the Treasurer. Copies of the report may be obtained from the Oregon State Treasury, 350 Winter St NE, Suite 100, Salem, Oregon 97301-3896, or from the Treasury's website at:

http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx

The Treasurer also maintains the Oregon Intermediate-Term Pool (OITP), an investment pool that is available for use by state agencies with statutory authority, and limited external participants. Oregon reports the State's portion of the pool within the funds of the State. The portion of the pool belonging to local governments is reported in an investment trust fund. A separate financial report for the OITP is prepared by the Treasurer. Copies of the report may be obtained from the Oregon State Treasury, 350 Winter St NE, Suite 100, Salem, Oregon 97301-3896, or from the Treasury's website at:

http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Intermediate-Term-Pool-(OITP)-.aspx

The Treasurer also makes short-term and long-term investments, which are held separately by several of the State's funds. The Treasury's direct investments in short-term securities are limited by portfolio rules

established by the OSTF Board and the Council. Other investments are made directly by state agencies with the approval of the Treasurer.

A. Custodial Credit Risk

Custodial Credit Risk for Deposits

The custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, the State will not be able to recover deposits or collateral securities that are in the possession of an outside party. The State does not have a formal policy regarding custodial credit risk for deposits. However, banking regulations and Oregon law establish the insurance and collateral requirements for deposits in the OSTF.

Oregon Revised Statutes (ORS), Chapter 295, governs the collateralization of public funds. Depositories are required to pledge collateral against any public fund deposits in excess of deposit insurance amounts. This requirement provides additional protection for public funds in the event of a depository failure or loss. ORS Chapter 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable.

ORS chapter 295 provides the statutory authority for the Public Funds Collateralization Program (PFCP). The Treasury uses and internally-developed web application to administer the PFCP and facilitate depository, custodian, and public official compliance with ORS Chapter 295. Under the PFCP, depositories are required to report quarterly to the Treasury, providing quarter-end public fund balances in excess of Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) limits. Depositories are also required to report their net worth and capitalization information. The FDIC or NCUA assigns each bank or credit union a capitalization category quarterly: well capitalized, adequately capitalized, or undercapitalized. Based on this information, the depository's minimum collateral required to be pledged with the custodian and the maximum liability in the pool of all depositories are calculated for the next quarter. The maximum liability is reported to the depository, the Treasury, and the custodian.

Barring any exceptions, a depository is required to pledge collateral valued at no less than 10 percent of its last reported uninsured public funds deposits if the depository is well capitalized and as much as 110 percent if the depository is adequately capitalized, undercapitalized, or assigned to pledge 110 percent by Treasury.

There are three exceptions to this calculation, and any exceptions are required to be collateralized at 100 percent.

1. A depository may not accept public fund deposits from one depositor in excess of the depository's net worth. If the depository has a drop in net worth that takes it out of compliance, the depository is required to post 100 percent collateral on any amount the depositor has in excess of the depository's net worth while working to eliminate that excess.
2. A depository may not hold aggregate public funds in excess of a percentage of the depository's net worth based on its capitalization category (100 percent for undercapitalized, 150 percent for adequately capitalized, 200 percent for well capitalized) unless approved for a period of 90 days or less by the Treasury.
3. A depository may hold in excess of 30 percent of all aggregate public funds reported by all depository's holding Oregon public funds, only if the excess is collateralized at 100 percent.

Where interest-bearing balances within the OSTF exceed the FDIC or NCUA amount of $250 thousand, the balances are covered by collateral in the PFCP.

As of June 30, 2015, $1.5 billion in other depository balances were exposed to custodial credit risk as the balances were uninsured and uncollateralized.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the State will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The Council has no formal policy regarding the holding of securities by a custodian or counterparty. For the year ended June 30, 2015, the State had $223.6 million of investments exposed to custodial credit risk. Investments with the trustee of Oregon Housing and Community Services Department (OHCSD) consisted of $1.6 million in U.S. Treasury obligations, $191 million in U.S. Agency securities, and $31

million in municipal bonds. They are held at the Federal Reserve under the name of OHCSD's bond trustee for the benefit of OHCSD.

B. Investments – Primary Government (Excluding the OPERF)

Investments Managed by Treasury

Investments of the primary government (excluding OPERF) held by the Treasurer require the exercise of prudent and reasonable care in the context of a fund's investment portfolio and as part of an overall investment strategy. The Treasurer is required to diversify investments unless it is not prudent to do so. In addition, the Treasurer must exercise reasonable care to incorporate risk and return objectives suitable to the particular investment fund. Each Treasury fund has a policy and procedure that addresses objectives and strategies.

Interest Rate Risk

Investment policy for fixed income portfolios under the direct management of the Treasurer generally limits the time horizon of the portfolio to an average maturity of 1 to 5 years. In addition, externally managed fixed income investment funds are required by policy to maintain an average bond duration level within 20 percent of the benchmark bond index. For investments not under the management of the Treasurer, there are no formal policies on interest rate risk. Investment objectives and strategies of the primary government (excluding the OPERF) are based on credit quality, asset diversification, staggered maturities, and in some portfolios, duration. For variable rate securities, the next interest rate reset date is used instead of the maturity date.

Credit risk

Investment policies for fixed income investments under the management of the Treasurer require that the portfolio maintain an average Standard and Poor's (S&P) credit quality of AA or A, as determined for each investment fund for investments not under management of the Treasurer, there are no formal policies on credit risk.

The credit rating for the investments at Treasury held within the governmental funds, excluding the Common School Fund, and using the segmented time distribution method at June 30, 2015 (in thousands):

			Investment Maturities (in years)			
Reporting Fund[1]	Investment Type	Credit Rating[2]	Less than 1	1 to 5	6 to 10	Balance at June 30, 2015
Public Transportation	Asset backed	AAA	$ -	$ 17,310	$ -	$ 17,310
			-	17,310	-	17,310
	U.S. Federal agency debt	AA	-	14,922	-	14,922
			-	14,922	-	14,922
	Collateralized mortgage obligations	AAA	-	2,619	-	2,619
			-	2,619	-	2,619
	Municipal bonds	AAA	-	634	-	634
		AA	-	1,001	-	1,001
			-	1,635	-	1,635
	Commercial paper	A	6,995	-	-	6,995
			6,995	-	-	6,995
	Corporate bonds	AA	2,002	2,014	-	4,016
		A	18,789	7,254	-	26,043
		BBB	13,294	15,560	-	28,854
			34,085	24,828	-	58,913
			41,080	61,314	-	102,394
Employment Services	U.S. Treasury securities[2]	Exempt	-	-	4,836	4,836
			-	-	4,836	4,836
	U.S. Federal agency debt	AA	-	19,563	-	19,563
			-	19,563	-	19,563
	U.S. Federal agency mortgages	Not rated	-	-	2,449	2,449
			-	-	2,449	2,449
	Asset backed	AAA	1,996	10,091	-	12,087
			1,996	10,091	-	12,087
	Collateralized mortgage obligations	AAA	1,786	-	-	1,786
			1,786	-	-	1,786
	Municipal bonds	AA	-	3,137	1,624	4,761
		B	-	-	227	227
			-	3,137	1,851	4,988
	Corporate bonds	AAA	-	-	2,018	2,018
		AA	4,995	5,157	-	10,152
		A	7,030	8,343	2,640	18,013
		BBB	8,012	21,479	8,016	37,507
		B	7,508	-	-	7,508
			27,545	34,979	12,674	75,198
	Commercial paper	BBB	1,991	-	-	1,991
			1,991	-	-	1,991
	Oregon Intermediate Term Pool[3]	Not rated	17,674	-	-	17,674
			17,674	-	-	17,674
	Non-U.S. government debt	AAA	-	-	4,555	4,555
			-	-	4,555	4,555
			50,992	67,770	26,365	145,127
Environmental Management	Oregon Intermediate Term Pool[3]	Not rated	771	-	-	771
			771	-	-	771
Residential Assistance	U.S. Federal agency debt	AA	-	4,942	-	4,942
	U.S. Treasury securities[2]	Exempt	-	10,374	-	10,374
			-	15,316	-	15,316
Business Development	Oregon Intermediate Term Pool[3]	Not rated	23,068	-	-	23,068
			23,068	-	-	23,068
			$ 115,911	$ 144,400	$ 26,365	286,676
General	Alternative Equities	N/A				12,519
Educational Support	Alternative Equities	N/A				53,626
						66,145
Total						$ 352,821

[1] See separate Common School Fund schedule.

[2] Investments of $15,210 of U.S. Treasury obligations are explicitly guaranteed by the U.S. government and, therefore, are exempt from credit risk disclosure requirements.

[3] See separate Oregon Intermediate Term Pool schedule.

The credit rating for the Common School Fund's investments held at Treasury and using the segmented time distribution method at June 30, 2015 (in thousands):

		Investment Maturities (in years)				
Investment Type	Credit Rating[1]	Less than 1	1 to 5	6 to 10	More than 10 or none	Balance at June 30, 2015
U.S. Treasury securities	Exempt	$ 4,250	$ 10,920	$ 12,053	$ 15,834	$ 43,057
U.S. Treasury strips	Exempt	-	-	211	-	211
U.S. Treasury TIPS	Exempt	1,147	-	3,640	2,948	7,735
U.S. Federal agency debt	AA	-	129	-	122	251
U.S. Federal agency mortgages	AAA	-	-	246	-	246
	Not rated	5,268	89	110	30,943	36,410
		10,665	11,138	16,260	49,847	87,910
Non-U.S. government debt	A	-	3	1,502	1,481	2,986
	BBB	-	-	294	2,247	2,541
	BB	417	-	453	-	870
		417	3	2,249	3,728	6,397
Municipal bonds	AAA	212	-	-	-	212
		212	-	-	-	212
Corporate bonds	AA	-	251	885	-	1,136
	A	393	4,862	3,721	2,760	11,736
	BBB	722	3,959	7,692	9,221	21,594
	BB	765	71	621	1,851	3,308
	B	-	31	94	65	190
	CCC	-	-	18	-	18
	CC	-	6	-	-	6
		1,880	9,180	13,031	13,897	37,988
International debt securities	AA	-	-	-	138	138
	A	92	1,077	1,192	135	2,496
	BBB	618	274	1,866	1,785	4,543
	BB	30	775	2,201	164	3,170
	B	37	-	9	-	46
	Not rated	-	59	-	-	59
		777	2,185	5,268	2,222	10,452
Asset backed securities	AAA	489	-	-	25	514
	AA	1,546	-	-	-	1,546
	A	1,767	-	-	-	1,767
	BBB	77	3	-	-	80
	BB	1,081	-	-	-	1,081
	B	329	-	-	-	329
	CCC	792	-	-	-	792
	CC	2,105	-	-	-	2,105
	Not rated	80	-	-	200	280
		8,266	3	-	225	8,494
Collateralized mortgage obligations	AAA	458	-	-	344	802
	AA	374	-	-	825	1,199
	A	2,145	-	-	73	2,218
	BBB	4,415	-	-	-	4,415
	BB	1,308	-	-	-	1,308
	B	4,849	-	-	1,009	5,858
	CCC	1,755	-	-	252	2,007
	CC	1,439	-	-	-	1,439
	Not rated	2,020	-	-	-	2,020
		18,763	-	-	2,503	21,266
Domestic mutual funds - debt	Not rated	-	-	-	224,198	224,198
International mutual funds - debt	Not rated	-	-	-	8,122	8,122
		$ 40,980	$ 22,509	$ 36,808	$ 304,742	405,039
Domestic equity securities	N/A					302,992
International equity securities	N/A					336,072
Domestic mutual funds - equity	N/A					190,959
Domestic real estate	N/A					11,139
International real estate	N/A					2,642
Private equity holdings	N/A					122,262
						966,066
Total						$ 1,371,105

[1] Investments of $43,057 in U.S. Treasury obligations, $211 in U.S. Treasury Strips, $7,735 in U.S. Treasury Inflation Protected Securities (TIPS), and $5,495 in Government National Mortgage Association (GNMA), which are reported within U.S. Federal agency mortgages, are explicitly guaranteed by the U.S. government and, therefore, are exempt from credit risk disclosure requirements.

The Oregon Intermediate Term Pool (OITP) is an external investment pool managed by the Treasurer. It is expected to provide a total return consistent with an investment grade quality, short duration diversified fixed income portfolio. The credit rating for the investments held within the OITP using the average modified duration method at June 30, 2015 (in thousands):

Investment Type	Credit Rating	Balance at June 30, 2015	Average Modified Duration (in years)
U.S. Federal agency debt	AA	$ 20,016	
		20,016	2.70
U.S. Federal agency mortgage-backed securites	AAA	3,043	
	Not rated	6,281	
		9,324	3.03
U.S. Treasury debt	AAA	17,248	
	Not rated	2,750	
		19,998	4.94
Asset backed securities	AAA	50,136	
		50,136	1.98
Corporate bonds	AAA	1,009	
	AA	10,530	
	A	52,239	
	BBB	76,357	
		140,135	2.14
Commercial mortgage-backed securites	AAA	21,579	
		21,579	2.42
Commercial paper	A	3,997	
	BBB	2,995	
		6,992	0.05
Municipal bonds	AAA	682	
	AA	4,861	
	A	4,535	
		10,078	2.46
Total		$ 278,258	

The credit rating for the investments at Treasury held by proprietary funds, excluding the University System Fund, and using the segmented time distribution method at June 30, 2015 (in thousands):

			Investment Maturities (in years)				
Reporting Fund	Investment Type	Credit Rating[2]	Less than 1	1 to 5	6 to 10	More than 10 or none	Balance at June 30, 2015
Housing and Community Services[1]	U.S. Treasury obligations	Exempt	$ -	$ 211	$ 512	$ 2,392	$ 3,115
	U.S. Federal agency debt	AA	-	-	1,551	1,605	3,156
			-	211	2,063	3,997	6,271
Lottery Operations	U.S. Treasury strips	Exempt	9,983	35,975	36,967	46,627	129,552
	U.S. Federal agency strips	Not rated	2,559	5,196	2,234	-	9,989
			12,542	41,171	39,201	46,627	139,541
Veterans' Loan	Oregon Intermediate Term Pool[3]	Not rated	10,297	-	-	-	10,297
			10,297	-	-	-	10,297
Special Public Works	Oregon Intermediate Term Pool[3]	Not rated	10,407	-	-	-	10,407
			10,407	-	-	-	10,407
Central Services	U.S. Treasury obligations	Exempt	-	5,438	1,935	-	7,373
			-	5,438	1,935	-	7,373
	U.S. Federal agency debt	AA	-	17,918	-	-	17,918
			-	17,918	-	-	17,918
	U.S. Federal agency mortgages	Not rated	-	-	1,395	-	1,395
			-	-	1,395	-	1,395
	Asset backed securities	AAA	-	2,071	-	-	2,071
			-	2,071	-	-	2,071
	Corporate bonds	AAA	-	-	2,018	-	2,018
		AA	997	7,893	1,569	-	10,459
		A	9,175	7,095	1,003	-	17,273
		BBB	2,505	6,134	2,057	-	10,696
			12,677	21,122	6,647	-	40,446
	Commercial paper	BBB	2,987	-	-	-	2,987
			2,987	-	-	-	2,987
	Non-U.S. government debt	AAA	-	-	2,572	-	2,572
		A	-	5,058	-	-	5,058
			-	5,058	2,572	-	7,630
			15,664	51,607	12,549	-	79,820
Total			$ 48,910	$ 92,989	$ 53,813	$ 50,624	$ 246,336

[1] $223,643 in investments are held outside Treasury. See separate schedule.

[2] Investments of $10,488 in U.S. Treasury obligations and $129,552 in U.S. Treasury Strips are explicitly guaranteed by the U.S. government and, therefore, are exempt from credit risk disclosure requirements.

[3] See separate Oregon Intermediate Term Pool schedule.

Investments not Managed by Treasury

For investments held outside of the Treasury, statues govern the placement of funds with outside parties as part of trust agreements or mandatory asset holdings by regulatory agencies. The credit rating and segmented time distribution for investments held outside Treasury at June 30, 2015 (in thousands):

			Investment Maturities (in years)				
Reporting Fund	Investment Type	Credit Rating[3]	Less than 1	1 to 5	6 to 10	More than 10 or none	Balance at June 30, 2015
Common School	U.S. Treasury strips[1]	Exempt	$ -	$ 5	$ -	$ -	$ 5
	Municipal bonds[1]	AAA	5	5	-	-	10
	Domestic mutual funds - debt[1]	Not rated	7,340	-	-	-	7,340
			7,345	10	-	-	7,355
Revenue Bond	GICs[4]	N/A	-	3,688	-	2,524	6,212
			-	3,688	-	2,524	6,212
Housing and Community Services	U.S. Treasury obligations	Exempt	-	-	1,605	-	1,605
	U.S. Federal agency debt	AA	13,938	2,055	7,957	33,707	57,657
		P-1	132,235	-	-	-	132,235
		Not rated	-	1,130	-	-	1,130
			146,173	3,185	7,957	33,707	191,022
	Municipal bonds	Aa2	-	-	-	16,225	16,225
		Aaa	-	-	-	14,790	14,790
			-	-	-	31,015	31,015
			146,173	3,185	9,562	64,722	223,642
Private Purpose Trust	U.S. Treasury obligations	Exempt	140	44	1	17	202
	Domestic mutual funds - debt	N/A	91	-	-	569	660
	Annuity contracts	N/A	-	-	-	347	347
			231	44	1	933	1,209
Agency	U.S. Treasury obligations[2]	Exempt	33,403	22,705	878	-	56,986
	Municipal bonds[2]	AAA	-	3,455	-	-	3,455
			33,403	26,160	878	-	60,441
			$ 187,152	$ 33,087	$ 10,441	$ 68,179	298,859
Common School	Alternative equities[1]	N/A					4
	Domestic equity securities[1]	N/A					14,500
Private Purpose Trust	Domestic equity securities	N/A					149
Total							$ 313,512

[1] Some investments (along with certain cash deposits) are reported as part of custodial assets on the balance sheet

[2] Some investments (along with certain cash deposits) are reported as receivership assets on the statement of fiduciary net position.

[3] Investments of $58,792 in U.S. Treasury obligations and $5 in U.S. Treasury strips are explicitly guaranteed by the U.S. government and, therefore, exempt from credit risk disclosure requirements.

[4] Guaranteed investment contracts.

Investments of the Oregon Short-Term Fund (OSTF)

The OSTF is a short-term investment vehicle. A number of local governments in Oregon as well as all state agencies participate in the OSTF. Because the OSTF acts as a demand deposit account, both the cash and investments within the OSTF are shown as cash and cash equivalents on the balance sheet and statement of net position. The external portion of the OSTF is reported within an investment trust fund. The OSTF staff manages interest rate risk by limiting the maturity of the investments. The portfolio rules require that at least 50 percent of the portfolio mature or reset within 93 days; not more than 25 percent of the portfolio may mature or reset in over a year; and no investments may mature or reset over three years from settlement date. For variable rate securities the next interest rate reset date is used instead of the maturity date. For variable rate securities in a fixed rate period that will switch to variable rate at a later date, the maturity is based on the final maturity of the security, not the next variable reset date. For fixed rate securities with a put option, the date upon which the

put option is fully exercisable for at least 100 percent of the face value is used instead of the maturity date, and for variable rate securities with a put option, the earlier of the next variable reset date or the put date is used instead of maturity date.

Interest rate and credit risk for the OSTF investments as of June 30, 2015 (in thousands):

		Investment Maturities			
Investment Type	Credit Rating	Up to 93 Days	94 to 366 Days	One to Three Years	Balance at June 30, 2015
U.S. Treasury obligations	Exempt	$ 1,140,080	$ 25,041	$ 505,752	$ 1,670,873
U.S. Federal agency debt	Not rated[3]	776,149	-	370,794	1,146,943
U.S. Federal agency discount notes	Not rated[3]	1,938,100	-	-	1,938,100
Commercial paper	A-1	97,000	-	-	97,000
Corporate bonds	AA	761,568	54,012	170,847	986,427
	A	3,526,439	149,184	858,745	4,534,368
	BBB[1]	533,726	50,623	296,071	880,420
Municipal commercial paper	A-1+	325,813	-	-	325,813
	A-1	221,776	-	-	221,776
Municipal bonds	AA	54,996	12,043	-	67,039
	A	-	8,500	15,082	23,582
Non-U.S. government commercial paper	A-1+	10,000	-	-	10,000
Non-U.S. government debt	AAA	-	-	5,536	5,536
	AA	-	10,152	135,615	145,767
	A	12,049	25,357	20,660	58,066
Asset backed securities	AAA	446,224	521,923	304,716	1,272,863
	A-1+	48,185	22,607	-	70,792
Time certificates of deposit	Not rated[2]	75,200	-	-	75,200
Total		$ 9,967,305	$ 879,442	$ 2,683,818	$ 13,530,565

[1] Securities rated BBB continue to meet the investment quality rules of the OSTF because they have at least one rating of S&P A-, Moody's A3 or Fitch A-.

[2] Time certificates of deposit are considered deposits for purposes of credit quality and are fully covered by FDIC and state PFCP programs.

[3] GASB Statement 40 states that U.S. federal debt is considered to be without risk. For credit quality rules, federal debt is considered to be the highest quality, except when rated differently, as shown above.

OSTF investment policies provide for a minimum composite weighted average credit quality rating for the fund's holdings to be the equivalent of an AA Standard and Poor's (S&P) rating. The current minimums for corporate notes are an S&P rating of A-, Moody's of A3, or Fitch of A-. Commercial paper is required to have a minimum short-term credit rating at the time of purchase from two of three ratings services with current minimum ratings from S&P of A-1, Moody's of P-1, and Fitch of F-1. Foreign government securities are required to have minimum credit ratings from S&P of AA-, Moody's of Aa3, or Fitch of AA-. Asset-backed securities are required to have long-term ratings of AAA, Aaa, or AAA, or short-term ratings of A-1+, P-1 or F-1+ by S&P, Moody's and Fitch, respectively. Occasionally, securities are downgraded but OSTF policies allow them to be retained at the Director of Capital Markets' discretion. Rating groups were determined using the lowest actual rating from S&P, Moody's or Fitch.

Interest Rate Sensitive Investments

As of June 30, 2015, the primary government held approximately $97 million in debt instruments backed by pooled mortgages, to-be-announced federal agency issues mortgage pools, collateralized mortgage obligations, or fixed-rate mortgages. These securities represent a stream of principal and interest payments from underlying mortgages. Assets with these characteristics are susceptible to prepayment by the mortgage holders, which may result in a decrease in total interest realized. The value of these securities can be volatile as interest rates fluctuate. Additionally, the risk of default exists and collateral held may potentially be insufficient to cover the principal due. In addition, the primary government held approximately $1.4 billion of asset-backed securities collateralized primarily by automobile, equipment lease, and student loan receivables.

Concentration of Credit Risk

Investment policies for fixed income investments under the management of the Treasurer generally limit investments in a single issuer to 5 percent of the portfolio, with the exception of securities of the U.S. government and U.S. agencies. For investments not under the management of the Treasurer, there are no formal policies on concentration of credit risk. At June 30, 2015, there was one issuer that exceeded 5 percent of the primary government's holdings (excluding OPERF): $1.9 billion (12 percent) in Federal Home Loan Bank (FHLB).

The Oregon Housing and Community Services Department (OHCSD) also carried concentration of credit risk with 26.2 percent of OHCSD's total investments are Federal National Mortgage Association (FNMA) securities, 20.5 percent are Federal Farm Credit Bank securities, 17.7 percent are Federal Home Loan Mortgage Corporation (FHLMC) securities, 15.2 percent are Federal Home Loan Bank securities, 6.4 percent are Ohio Housing Finance Agency municipal bonds, and 6.2 percent are Wisconsin Housing and Economic Development Authority municipal bonds.

The Oregon State Lottery's investments included $10 million (7.2 percent) in the Resolution Funding Corporation, a U.S. government agency. The U.S. government does not explicitly guarantee these investments. However, interest payments are backed by the U.S. government, and the principal is protected by the purchase of zero-coupon bonds with an equivalent face value.

The Oregon University System policy for reducing this risk in fixed income securities is that, with exception of U.S. Government and Agency issues, no more than 10 percent of the bond portfolio, at market value, is to be invested in securities of a single issuer or no more than 5 percent of the individual issue. For all other types of fixed income investments, not more than 5 percent of the market value of any investment fund was invested in any single security, unless part of an index fund.

The aggregated nonmajor enterprise fund total investments were $20.7 million (100 percent) invested in the Oregon Intermediate Term Pool.

Within the major governmental funds, the Public Transportation Fund's investments included $7.4 million (7.2 percent) in FNMA, $7 million (6.8 percent) in Hyundai Capital, and 5.6 million (5.4 percent) in Caisse Centrale.

The aggregated nonmajor governmental funds' total investments included $25.3 million (10.4 percent) in FHLMC.

The Central Services Fund held $17.9 million (22.5 percent) of its investments in FHLMC, $7.9 million (9.9 percent) in NCUA Guaranteed Notes, and $5.1 million (6.3 percent) in Province of Ontario bonds.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Oregon state agencies are required to deposit moneys in state-qualified depositories under Oregon law. Exceptions due to foreign field offices and related circumstances are approved by the Treasurer. International debt securities denominated in U.S. dollars are not subject to currency risk if the investment's obligations will be paid in U.S. dollars. Investment policies for fixed income investments under the management of the Treasurer generally prohibit investments in non-dollar denominated securities. The Common School fund is allowed to invest in non-dollar denominated securities. For investments not under the management of the Treasurer, there are no formal policies on foreign currency risk.

Deposits and investments exposed to foreign currency risk for the primary government (excluding the OPERF) as of June 30, 2015 (in thousands):

	Deposits and Investments (U.S. Dollars)				
Foreign Currency Denomination	Deposits	International Equity Securities	International Debt Securities	International Real Estate	Total
Australian dollar	$ 77	$ 7,762	$ -	$ 472	$ 8,311
Brazilian real	-	-	180	-	180
British pound sterling	115	33,838	-	497	34,450
Canadian dollar	64	12,049	-	-	12,113
Danish krone	2	8,115	-	-	8,117
Euro	171	98,848	-	668	99,687
Hong Kong dollar	49	5,016	-	550	5,615
Israeli new shekel	36	2,874	-	112	3,022
Japanese yen	470	78,616	-	344	79,430
Mexican peso	-	-	2,390	-	2,390
Norwegian krone	95	1,859	-	-	1,954
New Zealand dollar	-	71	-	-	71
Singapore dollar	49	1,880	-	-	1,929
Swedish krona	11	12,311	-	-	12,322
Swiss franc	45	19,394	-	-	19,439
Total	$ 1,184	$ 282,633	$ 2,570	$ 2,643	$ 289,030

C. Investments – Primary Government – University System Fund

Substantially all of the University System Fund's current cash and investments were held at Treasury during fiscal year 2015. The operating funds of the University System are commingled with cash and investments from other Oregon public universities and referred to collectively as the Public University Fund (PUF). At the fiscal year ended June 30, 2015, University System's cash and cash equivalents on deposit at State Treasury totaled $47 million.

The University System's operating funds and a portion of the endowments are invested in PUF. Additionally, a portion of the endowment assets are separately invested through Treasury and a portion are invested by individual investment managers. At June 30, 2015, of the total $75.9 million in investments, $44.8 million was invested in OITP, $27.5 million was invested in a long-term fixed income pool, and $3.6 million was separately invested endowments.

Credit Risk

As of June 30, 2015, approximately 35.8 percent of investments in the PUF are subject to credit risk reporting. Additionally, approximately 11.3 percent of the individually invested endowments are subject to credit risk reporting. Fixed income securities rated by the credit agencies as lower medium to high quality, indicating the issuer has a strong capacity to pay principal and interest when due. The PUF totaled $307.5 million at June 30, 2015 of which the University System Fund owned 23.5 percent. Individually invested endowments held by the University System Fund totaled $3.8 million.

Custodial Credit Risk

Custodial credit risk refers to the University System Fund's investments that are held by others and not registered in University System's or Treasury's name. This risk typically occurs in repurchase agreements where cash is transferred to a broker-dealer in exchange for securities, but the securities are held by a separate trustee in the name of the broker-dealer. There are policy provisions around securities lending to control this risk.

Concentration of Credit Risk

The PUF policy for reducing this risk in fixed income securities is that, with exception of U.S. Government and Agency issues, no more than 10 percent of the bond portfolio, at market value, is to be invested in securities of a single issuer or no more than 5 percent of the individual issue. For all other types of fixed income investments, not more than 5 percent of the market value of any investment fund was invested in any single security, unless part of an index fund.

Foreign Currency Risk

Foreign currency risk is the risk that investments may lose value due to fluctuations in foreign exchange rates. No amount of any University System Fund's investments were primarily invested in international debt and international equities at June 30, 2015.

Interest Rate Risk

At June 30, 2015, securities in the PUF held investments subject to interest rate risk totaling $110 million had an average duration of 3.4 years. In addition, securities of the individually invested endowments held subject to interest rate risk totaling $380 thousand had an average duration of 4.3 years.

D. Investments – Primary Government – Oregon Public Employees Retirement Fund

The Council establishes policies for the investment of moneys in the OPERF. Policies are based on the primary investment class of each investment manager and do not reflect the classifications of individual holdings as presented in the financial statements. Contracts with individual managers provide additional guidelines that vary from manager to manager.

Investments in the OPERF as of June 30, 2015 (in thousands):

Investment Type	Fair Value
U.S. Treasury obligation	$ 1,609,277
U.S. Federal Agency mortgage securities	842,179
U.S. Agency mortgage TBAs	801,175
U.S. Agency debt	405,860
U.S. Agency strips	52,725
U.S. Treasury obligation - Strips	59,385
U.S. Treasury obligation - TIPS	119,129
International debt securities	2,284,452
Non-government debt securities	209,701
Corporate bonds	3,758,284
Bank loans	2,325,764
Municipal bonds	95,670
Collateralized mortgage obligations	1,251,628
Asset-backed securities	1,153,514
Guaranteed investment contracts	157,271
Mutual funds - domestic fixed income	515,943
Mutual funds - international fixed income	67,596
Total debt securities	15,709,553
Derivatives	4,469
Domestic equity securities	11,002,412
International equity securities	10,142,516
Mutual funds - domestic equity	4,436,394
Mutual funds - global equity	725,150
Mutual funds - international equity	3,515,390
Mutual funds - target date	441,258
Oregon Savings Growth Plan - self directed	5,620
Private Equity	14,956,768
Real estate and real estate investment trusts	7,759,821
Alternative equity	1,498,023
Opportunity portfolio	1,073,949
Total investments	$ 71,271,323

Interest Rate Risk

Interest rate risk is managed within the OPERF using the effective duration methodology. Investment policies require that the fixed income manager positions will maintain a weighted average effective duration within a range of 20 percent of the benchmark's effective duration. There is no policy restriction for non-fixed income investment managers who may hold fixed income positions. As of June 30, 2015, the weighted average duration of the fixed income portfolio was 4.19 years and no individual fixed income investment manager portfolios were outside the policy guidelines.

At June 30, 2015, the OPERF held approximately $2.1 billion in debt instruments backed by pooled mortgages, collateralized mortgage obligations, or fixed-rate mortgages. These securities represent a stream of principal and interest payments from underlying mortgages. Assets with these characteristics are susceptible to prepayment by the mortgage holders, which may result in a decrease in total interest realized. The value of these securities can be volatile as interest rates fluctuate. Additionally, the risk of default exists and collateral held may potentially be insufficient to cover the principal due. The OPERF also held approximately $801.2 million in to-be-announced federal agency-issued mortgage pools. An additional $1.2 billion of debt instruments are asset-backed securities backed primarily by automobile, consumer credit receivables, heavy equipment leases, and student loan receivables.

Debt investments of the OPERF as of June 30, 2015 (in thousands):

Investment Type	Balance at June 30, 2015	Weighted Average Duration (in years)
U.S. Treasury Obligations	$ 1,589,778	6.22
U.S. Treasury Obligation - Strips	9,237	2.69
U.S. Treasury Obligation - TIPS	119,129	5.68
U.S. Federal Agency mortgage securities	786,223	3.38
U.S. Federal Agency mortgage TBAs	801,175	4.38
U.S. Federal Agency debt	355,873	2.54
U.S. Federal Agency strips	50,078	4.21
International debt securities	77,099	3.45
Non-U.S. government debt securities	22,348	8.86
Corporate bonds	3,722,902	4.37
Municipal bonds	54,834	8.56
Collateralized mortgage obligations	859,201	2.38
Asset-backed securities	972,741	2.44
No effective duration:		
U.S. Treasury Obligations	19,498	
U.S. Treasury Obligation - Strips	50,148	
U.S.Federal Agency Mortgage Securities	55,956	
U.S. Agency debt	49,987	
U.S. Agency strips	2,647	
International debt securities	2,207,353	
Non-U.S. debt securities	187,354	
Corporate bonds	35,382	
Bank loans	2,325,764	
Municipal bonds	40,836	
Collateralized mortgage obligations	392,427	
Asset-backed securities	180,773	
Guaranteed investment contract	157,271	
Mutual funds - domestic fixed income	515,943	
Mutual funds - international fixed income	67,596	
Total debt securities	15,709,553	
Cash equivalent - Mutual Funds - STIF	1,352,895	32 days[1]
Cash Equivalent - Oregon Short-Term Funds	1,467,654	179 Days[1]
Total subject to interest rate risk	$ 18,530,102	

[1] Weighted average maturity

Credit Risk

Investment policy requires that no more than 30 percent of the OPERF fixed income manager positions be below investment grade. Securities with a quality rating below BBB- (S&P) are considered below investment grade. There is no policy restriction on other investment managers who may hold debt securities. As of June 30, 2015, the fair value of below grade investments, excluding unrated securities, is $4 billion, or 29.7 percent, of total securities subject to credit risk, and the weighted quality rating average is BBB. Unrated securities include $407.4 million in bank loans, $740.8 million in mutual funds, guaranteed investment contracts, and $215.9 million in other debt securities.

Credit ratings for debt securities within the OPERF as of June 30, 2015 (in thousands):

Credit Rating	Balance at June 30, 2015
AAA	$ 1,123,713
AA	698,448
A	1,661,045
BBB	2,307,390
BB	843,264
B	2,010,407
CCC	466,681
CC	473
D	15,693
Not rated	3,020,344
Not rated[1]	1,422,247
Total subject to credit risk	13,569,705
U.S. government guaranteed securities	2,139,848
Total	$ 15,709,553

[1] Federal agency securities, which are not rated by the credit agencies as they carry an implicit guarantee of the U.S. government.

Concentrations of Credit Risk

The Council's investment policy pertaining to OPERF investments expects that investment managers maintain diversified portfolios. There is no limit on single issuer investments for domestic, global, and international equity fund managers. Policy states that the asset classes be diversified across their respective markets. Additionally, both passive and active investing strategies are employed, and several external managers engage in active management. Policy provides the following limitations for fixed income investment manager positions:

- There are no restrictions on obligations issued or guaranteed by the U.S. government, U.S. agencies, or government-sponsored enterprises.
- No more than 10 percent of the debt investment portfolio per issuer may be invested in obligations of other national governments
- No more than 10 percent of the debt investment portfolio per issuer or 25 percent in a single issuer, after meeting additional collateral requirements, can be invested in private mortgage-backed and asset–backed securities. The collateral must be credit-independent of the issuer and the security's credit enhancement generated internally.
- No more than 3 percent of the debt investments portfolio may be invested in other issuer, excluding investments in commingled vehicles.

At June 30, 2015, no single issuer debt investments exceeded the above guidelines, nor were there investments in any one issuer that represented 5 percent or more of total investments.

Foreign Currency Risk

Foreign currency and security risk of loss arises from changes in currency exchange rates. Foreign currency risk within the OPERF is controlled via contractual agreements with the investment managers. Investment policies require that no more than 25 percent of the fixed income manager positions may be invested in non-dollar denominated securities. Policies for the non-fixed portion of the OPERF are silent regarding this risk. As of June 30, 2015, approximately 1.5 percent of the debt investment portfolio was invested in non-dollar denominated securities.

The OPERF's exposure to foreign currency risk as of June 30, 2015 (in thousands):

	Deposits and Investments (U.S. Dollars)						
Foreign Currency Denomination	Cash and Cash Equivalents	Debt Securities	Public Equity	Derivatives	Real Estate	Private Equity	Total
Argentine peso	$ 37	$ -	$ -	$ -	$ -	$ -	$ 37
Australian dollar	1,743	2,657	351,491	115	70,315	-	426,321
Bolivar fuerte	2	-	-	-	-	-	2
Brazilian real	630	8,289	174,579	-	2,214	-	185,712
British pound sterling	11,836	62,883	2,018,719	-	94,532	34	2,188,004
Canadian dollar	3,830	1,016	432,934	-	26,417	-	464,197
Chilean peso	8	-	5,095	-	-	-	5,103
Chinese yuan	892	-	49,253	-	-	-	50,145
Colombian peso	-	-	2,963	-	-	-	2,963
Czech koruna	-	-	5,270	-	-	-	5,270
Danish krone	170	4	92,579	-	-	-	92,753
Egyptian pound	144	-	13,157	-	-	-	13,301
Euro	21,704	134,403	1,918,687	848	79,346	259,849	2,414,837
Hong Kong dollar	1,550	-	626,551	2	96,463	-	724,566
Hungarian forint	69	-	6,081	-	-	-	6,150
Indian rupee	1,036	-	99,757	-	-	-	100,793
Indonesian rupiah	170	-	34,656	7	-	-	34,833
Israeli new shekel	219	-	41,805	-	-	-	42,024
Japanese yen	35,603	-	1,654,203	-	130,225	-	1,820,031
Kenya shilling	394	-	1,257	-	-	-	1,651
Malaysian ringgit	193	-	31,317	-	-	-	31,510
Mexican peso	675	15,811	65,113	-	1,113	-	82,712
New Zealand dollar	160	9,555	9,753	384	-	-	19,852
Nigerian naira	-	-	7,277	-	-	-	7,277
Norwegian krone	194	-	48,235	-	2,851	-	51,280
Pakistani rupee	1	-	2,241	-	-	-	2,242
Peruvian nuevo sol	-	-	1,003	-	-	-	1,003
Philippine peso	72	-	18,808	-	-	-	18,880
Polish zloty	329	-	21,139	-	-	-	21,468
Qatar riyal	-	-	1,671	-	-	-	1,671
Singapore dollar	355	-	78,096	60	22,334	-	100,845
South African rand	161	-	166,635	-	-	-	166,796
South Korean won	95	-	400,982	-	-	-	401,077
Swedish krona	430	-	224,455	-	11,704	-	236,589
Swiss franc	1,838	-	591,026	-	8,056	-	600,920
Taiwan dollar	1,976	-	290,750	-	-	-	292,726
Thai baht	142	-	58,545	144	1,725	-	60,556
Turkish lira	70	-	67,714	-	1,320	-	69,104
United Arab Emirates dirham	-	-	13,830	-	-	-	13,830
Total	$ 86,728	$ 234,618	$ 9,627,627	$ 1,560	$ 548,615	$ 259,883	$ 10,759,031

E. Repurchase Agreements

Investments in repurchase agreements made with cash collateral securities lending transactions had the following fair values at June 30, 2015:

- $247 million, or 30.54 percent of the Oregon Short-Term Investment Fund, the cash collateral pool for all agencies, excluding OPERF.
- $482 million, or 28.7 percent of the OPERF cash collateral pool.

F. Securities Lending

The State participates in securities lending transactions in accordance with State investment policies. The Treasury has, through a Securities Lending Agreement, authorized State Street Bank and Trust Company (State Street) to lend the State's securities pursuant to a form of loan agreement. Both the State and borrowers maintain the right to terminate all securities lending transactions on demand. There were no significant violations of the provisions of securities lending agreements during the year ended June 30, 2015.

During the year, State Street had the authority to loan short-term, fixed income, and equity securities and to receive as collateral U.S. dollar and foreign currency cash, U.S. government and agency securities, and foreign sovereign debt of Organization of Economic Cooperation and Development countries. Borrowers were required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned U.S. securities, international fixed income securities, or 105 percent in the case of international equity. The custodian did not have the ability to pledge or sell collateral securities absent a borrower default, and during the fiscal year the State did impose restrictions on the amount of loans the custodian made on its behalf. The state is fully indemnified against losses due to borrower default by its custodial. There were no losses during the year from the failure of borrowers to return loaned securities and no recoveries of amounts from prior losses.

State Street, as lending agent, has created a fund to reinvest cash collateral received on behalf of the OSTF and Oregon state agencies other than PERS. As permitted under the fund's Declaration of Trust (Declaration), participant purchases and redemptions are transacted at $1 per unit ("constant value") based on the amortized cost of the fund's investments. Accordingly, the securities lending collateral held and the obligation to the lending agent are both stated at constant value on the balance sheet and statement of net position.

The fair value of investments held by the fund is based upon valuations provided by a recognized pricing service. These funds are not registered with the Securities and Exchange Commission, but the custodial agent is subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. No income from the funds was assigned to any other funds.

The maturities of investments made with cash collateral did not generally match the maturities of the securities loaned. Since the securities loaned are callable on demand by either the lender or borrower, the life of the loans at June 30, 2015, is effectively one day. On June 30, 2015, the state had no credit risk exposure to borrowers because the amounts the State owes to borrowers exceed the amounts borrowers owe the State.

Securities lending balances on loan, collateral received, and investments of cash collateral as of June 30, 2015, of the primary government, including the OPERF (in thousands):

Investment Type	Cash and Securities Collateral Received	Securities on Loan at Fair Value	Investments of Cash Collateral at Fair Value
U.S. Treasury and agency securities	$ 1,109,219	$ 1,086,675	$ 732,535
Domestic equity securities	1,180,243	1,159,812	987,338
International equity securities	793,404	748,238	370,239
Domestic fixed income securities	324,882	319,051	216,081
International fixed income securities	5,092	7,905	5,086
Total	$ 3,412,840	$ 3,321,681	$ 2,311,279

State Street, as lending agent, has also created a fund, solely owned by OPERF, to reinvest cash collateral received. OPERF bears the entire risk of loss and the reinvested cash collateral is stated at fair value in the Pension and Other Employment Benefit Trust Funds in the statement of fiduciary net position.

The credit risk of OPERF securities lending invested cash collateral as of June 30, 2015 (in thousands):

Quality Rating	Fair Value
AAA	$ 191,611
AA	220,428
A[1]	1,247,681
BBB	579
CCC	3,884
Total subject to credit risk	1,664,183
Allocation from the Oregon Short-Term Fund	13,417
Cash	397
Total securities lending invested cash collateral	$ 1,677,997

[1] Commercial paper ratings of A-1+/A-1/P-1 categorized as A.

The interest rate risk of OPERF securities lending invested cash collateral as of June 30, 2015 (in thousands):

Security Type	Fair Value	Effective Weighted Duration Rate (in days)[1]
Asset backed securities	$ 296,842	22
Certificates of deposit	88,994	42
Bank Note	177,013	37
Commercial paper	260,445	42
Corporate bonds	175,822	29
U.S. Government & Agency	183,493	44
Repurchase agreement	481,575	2
Total subject to interest rate risk	1,664,184	25
Allocation from the Oregon Short-Term Fund	13,417	
Cash	397	
Total securities lending invested cash collateral	$ 1,677,998	

[1] Weighted average days to maturity or next reset date.

G. Restricted Assets

Included in deposits and investments are amounts which are committed for specific purposes, including loan acquisitions, payment of debt service, lottery prizes, and deferred compensation. At June 30, 2015, the primary government had restricted assets of $1.6 billion in deposits and $392.6 million in investments.

3. DERIVATIVES

Derivatives are financial instruments whose value is derived from underlying assets, reference rates, or indexes. A derivative generally takes the form of a contract in which two parties agree to make payments at some later date based on the value of the underlying assets, reference rates, or indexes. The main types of derivatives are futures, forwards, options, and swaps. The State uses derivative instruments as hedges against certain risks, for example, to counter increases in interest costs, and as investments. For investment derivatives, the Office of the State Treasurer (Treasury) policy allows, with some restrictions, for the use of derivative instruments in the prudent management of the State's investments. Certain external management firms are allowed, through contract, to invest in derivative instruments in order to carry out their investment management activities.

A. Hedging Derivatives (Excluding the Oregon Public Employees Retirement Fund)

Housing and Community Services Department

The Oregon Housing and Community Services Department (OHCSD) has entered into pay-fixed, receive-variable interest rate swaps to hedge against changes in variable rate interest and to lower borrowing costs compared to fixed rate bonds. OHCSD had nine swaps at the end of the fiscal year. The fair value of the swaps on June 30, 2015, totaled negative $11.4 million and the notional amount totaled $210 million.

The fair value of the hedging derivative instruments at the end of the fiscal year totaled negative $11.4 million. It is shown on the proprietary funds statement of net position and the government-wide statement of net position under deferred outflows of resources and derivative instrument liabilities. During the fiscal year the fair value increased by $5.9 million.

The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. This methodology is believed to be consistent with accepted practices in the market for interest rate swaps.

The terms, fair values, counterparties, and credit ratings of OHCSD's outstanding swaps as of June 30, 2015 (dollars in thousands):

Bond Series	Notional Amounts	Effective Date	Fixed Rate paid	Variable Rate Received	Fair Values	Swap Term Date	Counterparty	S&P
Multifamily housing revenue bonds								
2004 B	$ 13,520	12/16/04	3.89%	64% of 1 mo LIBOR[1] + .27%	$ (236)	7/1/46	Merrill Lynch	A-
Mortgage revenue bonds								
2006 C	16,450	2/28/06	4.18%	64% of 1 mo LIBOR + .29%	(539)	7/1/36	Morgan Stanley	A-
2006 F	12,940	7/18/06	4.43%	64% of 1 mo LIBOR + .29%	(362)	7/1/37	Bank of America	A
2006 G	16,105	7/18/06	3.83%	64% of 1 mo LIBOR + .19%	(545)	7/1/16	Merrill Lynch	A-
2007 E	27,615	7/31/07	4.39%	64% of 1 mo LIBOR + .29%	(1,789)	7/1/38	JP Morgan Chase	A+
2007 H	28,700	11/20/07	4.06%	64% of 1 mo LIBOR + .30%	(1,923)	7/1/38	Merrill Lynch	A-
2008 C	33,500	2/26/08	3.75%	64% of 1 mo LIBOR + .30%	(1,941)	7/1/38	Bank of America	A
2008 F	26,500	5/13/08	3.74%	64% of 1 mo LIBOR + .31%	(1,658)	7/1/39	Bank of America	A
2008 I	34,650	8/26/08	3.72%	64% of 1 mo LIBOR + .31%	(2,386)	7/1/37	Bank of America	A
	$ 209,980				$(11,379)			

[1] London Interbank Offered Rate

The multifamily housing revenue bonds (MF) 2004 B swap has a call option where OHCSD has the right to "call" (cancel) the swap in whole or in part semiannually beginning on July 1, 2015. The mortgage revenue bonds (MRB) swaps include options giving OHCSD the right to call the swaps in whole or in part, depending on the exercise date, semiannually beginning on January 1, 2013 (2006 C), July 1, 2013 (2006 F and 2008 F), July 1, 2014 (2007 E), January 1, 2015 (2007 H and 2008 C), and January 1, 2016 (2008 I). These options provide flexibility to manage the prepayments of loans and the related bonds.

Basis risk is the risk that arises when variable interest rates on a derivative and the associated bond are based on different indexes. All variable interest rates on OHCSD's tax-exempt bonds are determined weekly by a remarketing agent. OHCSD is exposed to basis risk when the variable rates received, which are based on the one month London Interbank Offered Rate (LIBOR) rate, do not offset the variable rates paid on the bonds. As of June 30, 2015, the one-month LIBOR was 0.19 percent. OHCSD's variable rates as of June 30, 2015, can be found in Note 9.

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. OHCSD or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the swap agreement. If any of the swaps are terminated, the associated variable rate bonds would no longer carry synthetic fixed interest rates and OHCSD would then be exposed to interest rate risk. In addition, if any of the swaps had a negative value at termination, OHCSD would be liable to the counterparty for a payment equal to the fair value of the swap.

Rollover risk is the risk that occurs when the swap termination date does not extend to the maturity date of the associated debt. OHCSD is exposed to rollover risk for the MRB 2006 G swap, which has a swap termination date of July 1, 2016. The associated bonds do not mature until 2028.

Debt service requirements of the variable rate debt and net swap payments of OHSCD, using interest rates as of June 30, 2015 (in thousands):

Year Ending June 30,	Principal	Interest	Interest Rate Swaps (Net)	Total
2016	$ 3,330	$ 206	$ 7,287	$ 10,823
2017	220	232	6,840	7,292
2018	235	232	6,551	7,018
2019	240	231	6,543	7,014
2020	260	231	6,535	7,026
2021-2025	10,815	1,130	32,010	43,955
2026-2030	60,490	982	28,364	89,836
2031-2035	83,430	617	18,443	102,490
2036-2040	69,620	184	5,247	75,051
2041-2045	3,245	18	517	3,780
2046-2050	1,115	1	40	1,156
Total	$ 233,000	$ 4,064	$ 118,377	$ 355,441

OHCSD's swaps, except for the MF 2004 B and the MRB 2007 E swaps, include provisions that require collateral to be posted if the rating on the senior bonds issued under the 1988 indenture (MRB) is not above either Baa1 (Moody's) or BBB+ (S&P). If the bonds are at or below these levels, collateral in the amount of the current swap fair value (rounded to the nearest $10 thousand) must be posted. The minimum transfer amount is $100 thousand or $0 if neither rating agency rates the bonds. The total fair value on June 30, 2015, of the swaps that include these provisions is negative $9.4 million. At June 30, 2015, the bonds subject to these provisions are rated Aa2 by Moody's; the bonds are not rated by S&P.

Department of Veterans' Affairs

The Veterans' Loan Fund, a nonmajor enterprise fund managed by the Department of Veterans' Affairs (DVA), has an interest rate swap in connection with a portion of its Loan Program General Obligation Veterans' Welfare Bonds, Series 84. The swap and underlying floating rate bonds together create synthetic fixed rate debt. During fiscal year 2015, DVA did not enter into, terminate, or have any maturities of derivatives. The fair value balance of interest rate swap is reported on the proprietary funds statement of net position and the government-wide statement of net position under deferred outflows of resources and derivative instrument liabilities.

Changes to the fair value balance during the year ending June 30, 2015 (dollars in thousands):

Description	Notional Amount	Fair Value June 30, 2014	Fair Value Increase/ (Decrease)	Fair Value June 30, 2015
Series 84	$ 25,000	$ (1,895)	$ 503	$ (1,392)

Because of interest rate decreases after the swap was executed, the fair value as of June 30, 2015, is negative. The fair value of the interest rate swap is estimated using the zero-coupon method. This method calculates the future payments required by the swap by assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swap.

The terms and objectives of DVA outstanding derivative instruments as of June 30, 2015 (in thousands):

Type	Objective	Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received	Fair Value
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 84 bonds, specifically related to changes in municipal tax-exempt interest rates	$ 25,000	3/1/2008	6/1/2040	3.67%	62.6% of 1-month LIBOR + .265%	$ (1,392)

The Series 84 swap was structured with an option that gives the DVA the right to cancel or terminate the swap at par on any payment date, in whole or in part, commencing June 1, 2017. This option enhances asset/liability matching and provides flexibility to adjust the outstanding notional amount of the swap over time.

Credit risk is the risk that a counterparty will not fulfill its obligations. The DVA interest rate swap is with Morgan Stanley Capital Services (counterparty), which is rated A- and A3 by S&P and Moody's, respectively. If the counterparty's credit rating falls below certain levels, the counterparty is required to post collateral to the lower of the following ratings (in thousands):

S&P Rating	Moody's Rating	Threshold	Minimum Transfer Amount
AA- or higher	Aa3 or higher	Infinite	N/A
A+	A1	$ 10,000	$ 1,000
A	A2	5,000	1,000
A-	A3	2,500	1,000
BBB+ or below or not rated	Baa1 or below or not rated	-	100[1]

[1] Minimum Transfer Amount shall be $0 if, and for so long as, neither Moody's nor S&P rate the long-term unsecured, unsubordinated, debt services of Morgan Stanley.

Since the fair value of the swap as of June 30, 2015, is negative, the counterparty is not required to post collateral. The State may require collateralization or other credit enhancements to secure any or all swap payment obligations where the Office of the State Treasurer determines such security is necessary to limit the credit risk or otherwise protect the interests of the State.

The DVA is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swap. As the one-month LIBOR rate decreases, the net payment on the swap increases.

The DVA is exposed to basis risk because the variable rate bonds, which are hedged by the interest rate swap, are variable rate demand obligation (VRDO) bonds that are remarketed weekly. The DVA becomes exposed to basis risk because the variable rate payments received by the DVA are based on a rate other than the interest rate paid on the VRDO bonds. At June 30, 2015, the interest rate on the variable rate hedged debt is 0.06 percent, while the 62.6 percent of one-month LIBOR plus 0.265 percent is 0.38 percent.

The DVA or its counterparties may terminate the interest rate swap if the other party fails to perform under the terms of the contract thereby exposing the DVA to termination risk.

As interest rates fluctuate, variable rate bond interest payments and net swap payments will differ between the fixed payments paid to the counterparty and the variable rate paid to the DVA. Using interest rates as of June 30, 2015, the following table presents the debt service requirements of the variable rate debt (on the notional amount of the swap) and the net swap payments (in thousands):

Year Ending June 30,	Principal	Interest	Interest Rate Swaps (Net)	Total
2016	$ 410	$ 15	$ 751	$ 1,176
2017	445	15	805	1,265
2018	480	14	791	1,285
2019	505	14	775	1,294
2020	540	14	757	1,311
2021-2025	3,290	64	3,491	6,845
2026-2030	4,525	52	2,865	7,442
2031-2035	6,230	36	2,001	8,267
2036-2040	8,575	14	814	9,403
Total	$ 25,000	$ 238	$ 13,050	$ 38,288

If the State's unsecured, unenhanced, general obligation debt rating reaches certain levels, the DVA is required to post collateral to the lower of the following ratings (in thousands):

S&P Rating	Moody's Rating	Threshold	Minimum Transfer Amount
A- or higher	A3 or higher	Infinite	N/A
BBB+ or below	Baa1 or below	$ -	$ 100[1]

[1] Minimum Transfer Amount shall be $0 if, and for so long as, neither Moody's nor S&P rate the applicable department's debt.

B. Investment Derivatives (Excluding the Oregon Public Employees Retirement Fund)

Housing and Community Services Department

During the fiscal year the mortgage revenue bonds (MRB) 2004 L and MRB 2005 C swaps were reclassified from the hedging derivative instruments to investment derivative instruments when the associated bonds were refunded. The MRB 2004 L and MRB 2005 C swaps were fully terminated in advance on April 29, 2015, based on a mutual agreement with the counterparty, Royal Bank of Canada. The fair value of investment derivative instruments at the end of the fiscal year was $0. A total of negative $100 thousand from investment derivative instruments is included in the investment income

Common School Fund

In the Common School Fund (CSF) portfolio, forward currency exchange contracts may be used to gain exposure or hedge against effects of fluctuations in foreign currency exchange rates. A foreign currency exchange contract is a forward contract that is a commitment to purchase or sell a foreign currency at the future date at a negotiated forward rate. Foreign currency forward contracts are privately negotiated contracts with customized terms and are transacted in over-the counter markets. Risk associated with such contracts includes movement in the value of foreign currencies and the failure of the counterparty to perform.

The following table shows the foreign currency exchange contracts within the Common School Fund as of June 30, 2015 (in thousands):

	Currency Forward Contracts		
Currency	**Net Receivables**	**Net Payables**	**Total Exposure**
Australian dollar	$ 27	$ -	$ 27
Brazilian real	2	(5)	(3)
British pound sterling	589	(100)	489
Canadian dollar	(229)	50	(179)
Danish krone	(88)	-	(88)
Euro	(14)	320	306
Israeli new shekel	-	(38)	(38)
Japenese yen	16	(209)	(193)
New Zealand dollar	(1)	4	3
Singapore dollar	-	(1)	(1)
Swedish krona	(2)	(23)	(25)
Swiss franc	(7)	7	-
Total	$ 293	$ 5	$ 298

In the CSF portfolio, rights and warrants are often obtained and held due to existing investments. Rights are the right, but not the obligation, to purchase newly issued equity shares, often in proportion to the number of shares currently owned, in a specific company, at a pre-established price on or within a predetermined date. A warrant provides the holder the right, but not the obligation, to purchase securities from the issuing entity at a specific price and within a certain period. Rights and warrants are privately transacted in the over-the-counter markets. Both are subject to general market risk and liquidity risk. The change in fair value for the CFS's rights and warrants for the year ended June 30, 2015, was $2.5 million.

The fair value of rights and warrants within the CSF portfolio as of June 30, 2015 (in thousands):

	Changes in Fair Value[1]		Fair Value at June 30, 2015		
	Classification	**Amount**	**Classification**	**Amount**	**Notional[2]**
Rights	Investment Revenue	$ (93)	Common Stock	$ -	$ -
Warrants	Investment Revenue	2,557	Long Term Instruments	298	147,452
Total fair value		$ 2,464		$ 298	

[1] Excludes future margin payments

[2] Notional may be a dollar amount or size of underlying for futures and options

The fair value of derivative instruments is reported on the balance sheet as investments, accounts and interest receivable, and accounts and interest payable, and the changes in fair value derivative instruments are reported on the statement of revenues, expenditures, and changes in fund balances as investment income.

C. Investment Derivatives – Oregon Public Employees Retirement Fund (OPERF)

Oregon Investment Council policy allows, with some restrictions, for the use of derivative instruments in the prudent management of the Public Employees Retirement System (PERS) investments. Certain internally and externally managed accounts are allowed, through contract and policy, to invest in derivative instruments in order to carry out their investment management activities. Risks inherent with derivatives are managed through investment management's adherence to contractual and policy prescribed terms that are consistent with the OPERF's investing objectives. All derivative instruments held by OPERF are considered investments. The fair value of the derivative investments is reported in equity investments, investment sales receivable, and accounts and interest payable on the statement of fiduciary net position. Changes in fair value during the fiscal year are reported in the net appreciation (depreciation) in fair value of investments line on the statement of changes in fiduciary net position.

The following schedule presents the related net appreciation/(depreciation) in fair value amounts and the notional amounts of derivative instruments outstanding as of June 30, 2015 (in thousands):

Investment Derivatives	Net Appreciation/ (Depreciation) in Fair Value of Investments[1, 4]	Classification	Fair Value[2]	Notional Value[3]
Credit Default Swaps Bought	$ (1,119)	Public Equity	$ (2,829)	$ 200,838
Credit Default Swaps Written	(826)	Public Equity	953	46,797
Fixed Income Futures Long	46,583	Public Equity	-	2,684,874
Fixed Income Futures Short	(22,768)	Public Equity	-	(1,069,690)
Fixed Income Options Bought	412	Public Equity	526	44,440
Fixed Income Options Written	614	Public Equity	(3,785)	(165,215)
Foreign Currency Options Bought	26	Public Equity	73	6,429
Foreign Currency Options Written	5	Public Equity	(19)	(6,429)
Future Options Bought	(1,608)	Public Equity	53	4,101
Future Options Written	3,312	Public Equity	(575)	(5,730)
Foreign Exchange Forwards	105,012	Public Equity	7,698	3,021,440
Index Futures Long	60,856	Public Equity	-	5,408
Index Futures Short	(7,578)	Public Equity	-	(162)
Index Options Bought	(23)	Public Equity	-	-
Index Options Written	194	Public Equity	-	-
Pay Fixed Interest Rate Swaps	(799)	Public Equity	817	488,746
Receive Fixed Interest Rate Swaps	1,802	Public Equity	(713)	134,277
Rights	326	Public Equity	697	5,588
Total Return Swaps Equity	39,086	Public Equity	-	-
Warrants	1,305	Public Equity	1,497	12,558
Total	$ 224,812		$ 4,393	$ 5,408,270

[1] Negative values (in brackets) refer to losses

[2] Negative values refer to liabilities

[3] Notional may be a dollar amount or size of underlying for futures and options, negative values refer to short positions

[4] Excludes futures margin payments

A forward foreign currency exchange contract is a forward contract that is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The fair value of a foreign currency forward is determined by the difference between the contract exchange rate and the closing exchange rate, at the end of the reporting period. Risks associated with such contracts include movement in the value of foreign currencies and the ability of the counterparty to perform.

A futures contract represents a commitment to purchase or sell an underlying asset at a future date and at a specified price. Futures contracts have standardized terms and are traded on exchanges. The counterparty credit risk for futures is generally less than for privately negotiated forward contracts, since the clearinghouse, which is the issuer or counterparty to each exchange-traded future, settles daily the net change in the futures contract's value in cash with the broker and results in the contract itself having no fair value at the end of any trading day.

A swap is an agreement that obligates two parties to exchange a series of cash flows or the net value of cash flows at specified intervals based upon, or calculated by, reference to changes in specified prices or rates for a specified amount of an underlying asset. Swaps are privately negotiated contracts with customized terms and are transacted in over-the-counter markets. OPERF held various types of swaps including credit default, interest rate, and total return swaps. The payment flows are usually netted against each other, with the difference being paid by one party or another. In addition, collateral may be pledged or received by OPERF in accordance with the terms of the respective swap agreements to provide value and recourse to OPERF or its counterparties. Swaps are subject to general market risk, liquidity risk, credit risk, interest rate risk, and the risk that the counterparty may fail to perform.

An option is an instrument that gives one party the right, but not the obligation, to buy or sell an underlying asset from or to another party at a fixed price over a specified period of time. In writing an option, OPERF bears the market risk of an unfavorable change in the price of the underlying investment of the written option. Exercise of an option written by OPERF could result in OPERF selling or buying an asset at a price different from the current market value. Options may be subject to interest rate risk, general market risk, liquidity risk, credit risk, foreign currency risk, and, for non-exchange traded options, the risk of the counterparty's ability to perform.

Rights are the right, but not the obligation, to purchase newly issued equity shares, often in proportion to the number of shares currently owned, in a specified company, at a pre-established price on or within a predetermined date. A warrant provides the holder the right, but not the obligation, to purchase securities from the issuing entity at a specific price and within a certain time period. In the OPERF portfolio, rights and warrants are often obtained and held due to existing investments and are subject to general market risk and liquidity risk.

Counterparty Credit Risk

The following schedule presents a summary of counterparty credit rating relating to derivative instruments as of June 30, 2015:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
State Street Bank and Trust Company	39.76%	AA-	AA	A1
Citibank London	27.20%	A	A+	A1
BNP Paribas SA	5.17%	A+	A+	A1
JP Morgan CME	4.88%	A	A+	A3
Standard Chartered Bank	4.44%	A+	AA-	Aa2
Barclays Bank CME	2.64%	A-	A	A2
Bank of America, N.A.	2.49%	A	A+	A1
Deutsche Bank AG	1.95%	BBB+	A	A3
Bank of New York	1.50%	A+	AA-	A1
HSBC Bank USA	1.49%	AA-	AA-	Aa3
National Australia Bank Limited	0.94%	AA-	AA-	Aa2
Commonwealth Bank of Australia Sydney	0.91%	AA-	AA-	Aa2
JP Morgan	0.88%	A	A+	A3
Royal Bank of Scotland PLC	0.84%	BBB+	BBB+	A3
Deutsche Bank	0.82%	BBB+	A	A3
Citigroup	0.77%	A-	A	Baa1
UBS AG	0.63%	A	A	A2
Citibank N.A.	0.55%	A	A+	A1
Barclays Bank PLC Wholesale	0.48%	A-	A	A2
Royal Bank of Canada (U.K.)	0.42%	AA-	AA	Aa3
HSBC Bank PLC	0.33%	A	AA-	A1
JP Morgan Chase Bank N.A.	0.23%	A+	AA-	Aa3
Northern Trust Company	0.20%	AA-	AA-	A2
Morgan Stanley	0.17%	A-	A	A3
Credit Suisse International	0.16%	A	A	A1
Morgan Stanley and Co. International PLC	0.08%	A-	A	A3
Deutsche Bank AG London	0.05%	BBB+	A	A3
Royal Bank of Canada	0.02%	AA-	AA	Aa3
	100.00%			

Interest Rate Risk

As of June 30, 2015, OPERF is exposed to interest rate risk on its various swap arrangements and options.

The following schedule presents a segmented time schedule of those instruments as of June 30, 2015 (in thousands):

		Investment Maturity (in years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 -10**	**More than 10**
Credit Default Swaps Bought	$ (2,829)	$ (6)	$ (2,823)	$ -	$ -
Credit Default Swaps Written	953	-	935	19	(1)
Fixed Income Options Bought	526	526	-	-	-
Fixed Income Options Written	(3,785)	(817)	(2,968)	-	-
Pay Fixed Interest Rate Swaps	817	-	(504)	350	971
Receive Fixed Interest Rate Swaps	(713)	-	(455)	(275)	17
	$ (5,031)	$ (297)	$ (5,815)	$ 94	$ 987

The following schedule presents derivative instruments that were highly sensitive to interest rate changes as of June 30, 2015 (in thousands):

Investment Type	**Reference Rate**	**Fair Value**	**Notional Value**
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.0425%	$ 22	$ 24,730
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.8885%	(640)	14,340
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.817%	(391)	10,200
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.247%	(96)	6,020
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 3.04562%	(106)	4,000
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 3.06488%	(114)	3,800
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.05%	1,283	38,800
Pay Fixed Interest Rate Swaps	Receive Variable 3-month Australian BBSW, Pay Fixed 2.14%	35	66,738
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Canadian BA, Pay Fixed 0.9725%	(75)	52,505
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.42321%	82	765
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.38012%	94	805
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.42063%	89	825
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.39211%	885	9,042
Pay Fixed Interest Rate Swaps	Receive Variable 12-month Brazilian CDI, Pay Fixed 12.27%	206	18,221
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.39069%	89	805
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.65%	90	30,600
Pay Fixed Interest Rate Swaps	Receive Variable 3-month New Zealand BBR, Pay Fixed 3.3675%	(404)	80,784
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.4855%	(19)	6,030
Pay Fixed Interest Rate Swaps	Receive Variable 3-month Australian BBSW, Pay Fixed 2.2%	(9)	58,613
Pay Fixed Interest Rate Swaps	Receive Variable 6-month GBP LIBOR, Pay Fixed 2.393%	(22)	3,224
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.488%	(15)	4,520
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Canadian BA, Pay Fixed 1.05375%	(141)	48,564
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.95803%	(12)	3,080
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 3.465%	(14)	1,735
Subtotal - Pay Fixed Interest Rate Swaps		817	488,746
Receive Fixed Interest Rate Swaps	Receive Fixed 2.6275%, Pay Variable 3-month LIBOR	130	5,850
Receive Fixed Interest Rate Swaps	Receive Fixed 1.71%, Pay Variable 3-month LIBOR	(382)	16,600
Receive Fixed Interest Rate Swaps	Receive Fixed 2.9725%, Pay Variable 6-month Australian BBSW	(306)	10,146
Receive Fixed Interest Rate Swaps	Receive Fixed 13.16%, Pay Variable 12-month Brazilian CDI	(341)	39,048
Receive Fixed Interest Rate Swaps	Receive Fixed 3.384%, Pay Variable 6-month Australian BBSW	23	6,356
Receive Fixed Interest Rate Swaps	Receive Fixed 4.07%, Pay Variable 3-month New Zealand BBR	260	18,828
Receive Fixed Interest Rate Swaps	Receive Fixed 1.6435%, Pay Variable 6-month GBP LIBOR	(114)	34,694
Receive Fixed Interest Rate Swaps	Receive Fixed 3.36%, Pay Variable 3-month LIBOR	17	2,755
Subtotal - Receive Fixed Interest Rate Swaps		(713)	134,277
Total Interest Rate Swaps		**$ 104**	**$ 623,023**

Foreign Currency Risk

OPERF is exposed to foreign currency risk on derivative instruments. The following schedule presents a summary of derivative instruments subject to foreign currency risk as of June 30, 2015 (in thousands):

	Currency Forward Contracts				
Currency Name	**Net Receivables**	**Net Payables**	**Options**	**Swaps**	**Total Exposure**
Australian dollar	$ (1,264)	$ 394	$ 85	$ (258)	$ (1,043)
Brazilian real	44	(286)	-	(135)	(377)
British pound sterling	2,927	(8,644)	-	(136)	(5,853)
Canadian dollar	(1,719)	740	-	(216)	(1,195)
Danish krone	8	7	-	-	15
Euro	(2,205)	12,055	(217)	276	9,909
Hong Kong dollar	-	(1)	2	-	1
Indonesian rupiah	1	(47)	7	-	(39)
Israeli new shekel	131	(370)	-	-	(239)
Japanese yen	4,505	661	-	-	5,166
New Zealand dollar	(2,121)	2,378	-	(143)	114
Norwegian krone	(445)	426	-	-	(19)
Singapore dollar	51	(8)	60	-	103
South Korean won	-	89	-	-	89
Swedish krona	(90)	(201)	-	-	(291)
Swiss franc	160	522	-	-	682
Thailand baht	-	-	144	-	144
Total Subject to Foreign Currency Risk	$ (17)	$ 7,715	$ 81	$ (612)	$ 7,167

4. RECEIVABLES AND PAYABLES

A. Taxes Receivable

The following table presents the types of taxes which are reported in the fund financial statements as taxes receivable (net). Some taxes receivable are not expected to be collected within one year of the date of the financial statements.

Taxes receivables reported for governmental activities at June 30, 2015 (in thousands):

	General	**Health and Social Services**	**Public Transportation**	**Other**	**Total**
Governmental activities					
Personal Income Taxes	$ 948,477	$ -	$ -	$ -	$ 948,477
Corporate Income Taxes	96,548	-	-	-	96,548
Inheritance Taxes	15,552	-	-	-	15,552
Cigarette Taxes	2,965	14,197	-	-	17,162
Healthcare Provider Taxes	-	142,696	-	-	142,696
Motor Fuel Taxes	-	-	51,908	-	51,908
Weight Mile Taxes	-	-	19,319	-	19,319
Employer-Employee Taxes	-	-	-	9,185	9,185
Other	5,040	235	3,432	10,761	19,468
Gross receivables	1,068,582	157,128	74,659	19,946	1,320,315
Allowance for doubtful accounts	(125,591)	(317)	(5,113)	(295)	(131,316)
Total receivables, net	$ 942,991	$ 156,811	$ 69,546	$ 19,651	$ 1,188,999

B. Loans Receivable

The following tables disaggregate loans receivable balances reported in the fund financial statements as loans receivable (net).

Loans receivables reported for governmental activities at June 30, 2015 (in thousands):

	General	Public Transportation	Environmental Management	Other	Total	Internal Service
Governmental activities						
Clean Water State Revolving Fund	$ -	$ -	$ 407,404	$ -	$ 407,404	$ -
Oregon Transportation Infrastructure Bank	-	23,307	-	-	23,307	-
Oregon Growth Fund	925	-	-	-	925	-
Private Forests Program	-	-	1,025	-	1,025	-
Disabled and Senior Property Tax Assistance Program	-	-	-	108,069	108,069	-
Business Development	-	-	-	19,738	19,738	-
Multi-Family Housing Units	-	-	-	61,381	61,381	-
Foreclosure Prevention	-	-	-	27,746	27,746	-
Other	-	-	-	-	-	11
Gross receivables	925	23,307	408,429	216,934	649,595	11
Allowance for doubtful accounts	-	(438)	(1,055)	(17,161)	(18,654)	-
Total receivables, net	$ 925	$ 22,869	$ 407,374	$ 199,773	$ 630,941	$ 11

Loans receivables reported for business-type activities at June 30, 2015 (in thousands):

	Housing and Community Services	Other	Total
Business-type activities			
Single-Family Mortgage Program	$ 654,036	$ -	$ 654,036
Elderly and Disabled Housing Units	119,621	-	119,621
Multi-Family Housing Units	146,803	-	146,803
Veterans' Home Loans	-	237,975	237,975
Small Energy Loan Program	-	76,577	76,577
Business Development	-	22,942	22,942
Special Public Works	-	165,834	165,834
Wastewater Financing	-	90,137	90,137
Safe Drinking Water	-	169,169	169,169
Oregon Ports/Brownfields	-	15,682	15,682
Gross receivables	920,460	778,316	1,698,776
Allowance for doubtful accounts	(2,456)	(16,979)	(19,435)
Total receivables, net	$ 918,004	$ 761,337	$ 1,679,341

C. Receivables Other Than Taxes and Loans

The following tables disaggregate receivable balances reported in the fund financial statements as accounts and interest receivable (net) and net contracts, notes, and other receivables. Contracts, notes, and other receivables are not expected to be collected within one year of the date of the financial statements.

Receivables reported for governmental activities at June 30, 2015 (in thousands):

	General	Health and Social Services	Public Transportation	Environmental Management	Common School	Other	Total	Internal Service
Governmental activities								
General accounts	$ 6,307	$ 113,461	$ 11,258	$ 35,160	$ 4,869	$ 144,107	$ 315,162	$ 47,789
Due from federal government	34	269,475	45,668	23,638	-	111,497	450,312	-
Interest	23	-	507	1,770	1,784	31,162	35,246	375
Broker receivable	-	-	-	-	7,833	-	7,833	-
Notes	-	-	-	100	-	-	100	-
Contracts	-	-	134	214	655	-	1,003	-
Mortgages	-	8,095	-	-	-	-	8,095	-
Benefit recoveries	-	43,530	-	-	-	432	43,962	-
Medicaid drug rebate	-	54,155	-	-	-	-	54,155	-
FEMA Claims - Forest Fires	-	-	-	20,721	-	-	20,721	-
Fines, forfeitures, and penalties	20,960	-	-	-	-	97,056	118,016	-
Court fines and fees	-	-	-	-	-	1,033,867	1,033,867	-
Child support recoveries	-	-	-	-	-	368,519	368,519	-
Workers' compensation assessment	-	-	-	-	-	971	971	-
Other	-	-	9,581	21,108	5	66,323	97,017	6
Gross receivables	27,324	488,716	67,148	102,711	15,146	1,853,934	2,554,979	48,170
Allowance for doubtful accounts	(9,201)	(56,260)	(276)	(11,056)	(51)	(1,333,449)	(1,410,293)	(495)
Total receivables, net	$ 18,123	$ 432,456	$ 66,872	$ 91,655	$ 15,095	$ 520,485	$ 1,144,686	$ 47,675

Receivables reported for business-type activities at June 30, 2015 (in thousands):

	Housing and Community Services	Lottery Operations	Unemployment Compensation	University System	Other	Total
Business-type activities						
General accounts	$ 177	$ 27,290	$ 269,315	$ 47,166	$ 36,320	$ 380,268
Due from federal government	-	-	1,295	3,274	1,443	6,012
Interest	4,619	-	-	-	11,298	15,917
Mortgages	2,803	-	-	-	-	2,803
Benefit recoveries	-	-	75,823	-	-	75,823
Other	-	3,322	9,334	37,074	2,834	52,564
Gross receivables	7,599	30,612	355,767	87,514	51,895	533,387
Allowance for doubtful accounts	(2,803)	(105)	(18,588)	(19,388)	(4,812)	(45,696)
Total receivables, net	$ 4,796	$ 30,507	$ 337,179	$ 68,126	$ 47,083	$ 487,691

Receivables reported for fiduciary funds at June 30, 2015 (in thousands):

	Agency
Fiduciary fund activities	
Restitution	$ 521,360
Gross receivables	521,360
Allowance for doubtful accounts	(450,006)
Total receivables, net	$ 71,354

D. Payables

The following tables disaggregate payables reported in the fund financial statements as accounts and interest payable and contracts, mortgages, and notes payable.

Payables reported for governmental activities at June 30, 2015 (in thousands):

	General	Health and Social Services	Public Transportation	Environmental Management	Common School	Other	Total	Internal Service
Governmental activities								
General accounts	$ 279,824	$ 185,061	$ 126,968	$ 40,664	$ 8,045	$ 147,456	$ 788,018	$ 42,603
Interest	16	-	-	-	-	-	16	639
Broker payable	-	-	-	-	21,817	-	21,817	-
Pension-related debt	-	-	-	-	-	-	-	19,092
Contracts - retainage	-	-	-	-	-	-	-	271
Short-term treasury loan	-	13,000	-	-	-	3,000	16,000	-
Total payables	$ 279,840	$ 198,061	$ 126,968	$ 40,664	$ 29,862	$ 150,456	$ 825,851	$ 62,605

Payables reported for business-type activities at June 30, 2015 (in thousands):

	Housing and Community Services	Lottery Operations	Unemployment Compensation	University System	Other	Total
Business-type activities						
General accounts	$ 496	$ 11,086	$ 25,157	$ 21,694	$ 33,196	$ 91,629
Interest	17,959	-	-	11,724	5,185	34,868
Pension-related debt	575	4,658	-	12,920	28,807	46,960
Contracts - retainage	-	-	-	681	-	681
Contracts - other	-	1,182	-	826	1,269	3,277
Total payables	$ 19,030	$ 16,926	$ 25,157	$ 47,845	$ 68,457	$ 177,415

Payables reported for fiduciary funds at June 30, 2015 (in thousands):

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Investment Trust	Agency
Fiduciary fund activities				
General accounts	$ 6,307	$ 223	$ 16,767	$ 3
Benefits payable	335,392	-	-	-
Broker payable	2,103,133	-	-	-
Investment fees	36,488	-	-	-
Compensated absences payable	1,732	-	-	-
Interest	10	-	-	-
Mortgages	-	1,319	-	-
Total payables	$ 2,483,062	$ 1,542	$ 16,767	$ 3

5. JOINT VENTURE

The Multi-State Lottery Association (MUSL) was established in 1987 to coordinate lottery games with larger prizes than the individual states could offer by themselves. The Oregon Lottery has been a participating member since the inception of MUSL. Each participating state sells its choice of MUSL products and keeps all profits earned. Participating states contribute amounts necessary to fund the estimated and actual prizes won, reserve prize pools, and fees for services of MUSL. For fiscal years ended June 30, 2015 and 2014, the Oregon Lottery's share of MUSL's fees were $62.5 thousand and $39.3 thousand, respectively.

MUSL is a non-profit, government-benefit association owned and operated by its member lotteries. It is governed by a board on which each member lottery is represented. Each member lottery has one vote. The board's responsibilities to administer multi-state lottery games are performed through product groups, advisory committees, or panels staffed by officers and independent contractors as appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties, and qualifications. MUSL is subject to annual audits conducted by independent auditors retained by the board. Upon termination of the MUSL's existence, if such termination should occur, the member lotteries would receive any proceeds determined available for distribution by the board.

Long-term liabilities of MUSL are limited to prize annuities due, which are fully funded through investments in U.S. government securities. The following schedule presents the summarized financial activity of MUSL as of June 30, 2015 and 2014 (in thousands).

	2015	2014
Assets	$ 401,082	$ 706,151
Liabilities	$ 392,622	$ 695,948
Net assets - unrestricted	8,460	10,203
Total liabilitites and net assets	$ 401,082	$ 706,151
Unrestricted revenues	$ 3,514	$ 3,170
Unrestricted expenses	5,257	4,991
Total change in unrestricted net assets	$ (1,743)	$ (1,821)

Separate financial statements for MUSL may be obtained from the Multi-State Lottery Association, Attention: Chuck Strutt, 4400 NW Urbandale Drive, Urbandale, Iowa, 50322.

6. CAPITAL ASSETS

Capital Assets Activity

Capital asset activity for the primary government for the year ended June 30, 2015 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 1,867,126	$ 52,475	$ 1,200	$ 1,918,401
Construction in progress	1,445,492	4,844	113,942	1,336,394
Works of art and other nondepreciable assets	1,919	146	53	2,012
Total capital assets not being depreciated	3,314,537	57,465	115,195	3,256,807
Capital assets being depreciated:				
Buildings, property, and equipment	3,514,220	401,604	221,991	3,693,833
Infrastructure	12,374,627	452,092	49,842	12,776,877
Total capital assets being depreciated	15,888,847	853,696	271,833	16,470,710
Less accumulated depreciation for:				
Buildings, property, and equipment	1,592,230	133,619	4,296	1,721,553
Infrastructure	4,744,929	265,289	46,574	4,963,644
Total accumulated depreciation	6,337,159	398,908	50,870	6,685,197
Total capital assets being depreciated, net	9,551,688	454,788	220,963	9,785,513
Total capital assets, net	$ 12,866,225	$ 512,253	$ 336,158	$ 13,042,320

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	$ 147,268	$ 90	$ 123,323	$ 24,035
Construction in progress	320,309	18,978	315,537	23,750
Works of art and other nondepreciable assets	74,027	70	70,103	3,994
Total capital assets not being depreciated	541,604	19,138	508,963	51,779
Capital assets being depreciated:				
Buildings, property, and equipment	4,856,517	258,132	3,715,776	1,398,873
Infrastructure	128,234	11,044	104,781	34,497
Total capital assets being depreciated	4,984,751	269,176	3,820,557	1,433,370
Less accumulated depreciation for:				
Buildings, property, and equipment	2,043,472	50,719	1,596,650	497,541
Infrastructure	62,447	1,003	48,509	14,941
Total accumulated depreciation	2,105,919	51,722	1,645,159	512,482
Total capital assets being depreciated, net	2,878,832	217,454	2,175,398	920,888
Total capital assets, net	$ 3,420,436	$ 236,592	$ 2,684,361	$ 972,667

	Beginning Balance	Increases	Decreases	Ending Balance
Fiduciary fund activities				
Capital assets not being depreciated:				
Land	$ 958	$ -	$ -	$ 958
Total capital assets not being depreciated	958	-	-	958
Capital assets being depreciated:				
Buildings, property, and equipment	52,935	1,222	1,018	53,139
Total capital assets being depreciated	52,935	1,222	1,018	53,139
Less accumulated depreciation for:				
Buildings, property, and equipment	17,585	2,599	951	19,233
Total accumulated depreciation	17,585	2,599	951	19,233
Total capital assets being depreciated, net	35,350	(1,377)	67	33,906
Total capital assets, net	$ 36,308	$ (1,377)	$ 67	$ 34,864

Depreciation Expense

Depreciation expense charged to functions of the primary government (in thousands):

Governmental activities	Amount
Education	$ 954
Human services	15,302
Public safety	38,491
Economic and community development	959
Natural resources	17,920
Transportation	289,398
Consumer and business services	830
Administration	3,671
Legislative	1,758
Judicial	3,342
Subtotal	372,625
Internal service funds	26,283
Total depreciation expense	$ 398,908

Business-type activities	Amount
Housing and Community Services	$ 4
Lottery Operations	20,134
University System	18,692
Other business-type activities	12,892
Total depreciation expense	$ 51,722

Fiduciary fund activities:	Amount
Pension and Other Employee Benefit Trust	$ 2,599
Total depreciation expense	$ 2,599

Construction Commitments

The State has active construction projects, which will be funded through either general fund appropriations, federal grants, lottery resources, or other funding sources as noted in the schedule below. The State's construction commitments with contractors as of June 30, 2015 (in thousands):

			Remaining Commitment Source of Funds			
Project	Spent-to-Date	Remaining Commitment	General	Federal	Lottery	Other
Military facilities	$ 1,206	$ 7,064	$ 28	$ 5,403	$ -	$ 1,633
Oregon State Hospital facility	469,054	4,804	-	-	-	4,804
Prison construction and upgrades	390	551	212	-	-	339
University building construction and upgrades	36,358	72,987	331	18	4,890	67,748
Road and bridge construction	943,914	856,420	-	586,693	-	269,727
State park facilities	2,170	384	-	-	378	6
Upgrade and maintenance of various facilities	121,288	127,229	857	1,394	-	124,978
Total construction commitments	$ 1,574,380	$ 1,069,439	$ 1,428	$ 593,508	$ 5,268	$ 469,235

Collections Not Capitalized

Certain collections of historic artifacts and works of art are not reported in the accompanying financial statements. These assets include highway maintenance equipment displayed at various district and regional offices; printing equipment displayed at the Salem print plant; historic documents displayed at the Oregon State Archives; a museum of military artifacts at Camp Withycombe in Clackamas, Oregon; a collection of historic buildings, furniture, paintings, and ancestral artifacts displayed at various state parks; a collection of wildlife mounts displayed at various Department of Fish and Wildlife locations; and a collection of photographs portraying various Oregon locales displayed at the Oregon Liquor Control Commission headquarters. These assets have not been capitalized because they meet the conditions to qualify as collections that are not subject to capitalization. These conditions are:

1. The collections are held for public exhibition or education in the furtherance of public service, not held for financial gain;
2. The collections are protected, kept unencumbered, cared for, and preserved; and
3. The collections are subject to state agency policy that requires the proceeds from sales of collection items to be used to acquire other items for the collections.

Insurance Recoveries

In the government-wide statement of activities, program revenues include insurance recoveries of the applicable functions (in thousands):

Governmental activities	Amount
Public safety	$ 122
Natural resources	2,395
Consumer and business services	9
Administration	274
Total insurance recoveries	$ 2,800

Business-type activities	Amount
Lottery Operations	$ 12
Other business-type activities	13
Total insurance recoveries	$ 25

Idle Impaired Capital Assets

At fiscal year end, the Department of Corrections' Deer Ridge Correctional Institution, a medium security facility with a carrying value of $108.4 million, and the Oregon State Penitentiary minimum security facility with a carrying value of $1 million were temporarily idle due to budget constraints and a delay in the implementation of Ballot Measure 57, the Mandatory Prison Sentences for Three or More Felonies Act.

The Department of Human Services and the Oregon Health Authority determined that an IT system with a combined cost of $117.7 million was impaired due to obsolescence. This loss has been recognized on the government-wide statement of activities as a human services program expense.

7. LEASES

A. Operating Leases

The State has entered into various non-cancelable rental agreements that are accounted for as operating leases because the agreements do not meet the criteria to be classified as capital leases. Operating lease payments are chargeable as rent expense and reported in services and supplies. Rental costs for operating leases for the year ended June 30, 2015, were $93.6 million for the primary government.

Future minimum rental payments for operating leases in effect as of June 30, 2015 (in thousands):

Year Ending June 30,	Amount
2016	$ 88,698
2017	76,604
2018	63,104
2019	50,973
2020	42,814
2021-2025	169,358
2026-2030	56,408
2031-2035	29,797
2036-2040	3,074
2041-2045	109
2046-2050	2
2051-2055	2
2056-2060	2
Total future minimum rental payments	$ 580,945

B. Capital Leases

A capital lease is accounted for similar to a purchase on a long-term contract. The underlying property is capitalized at an amount equal to the present value of the minimum lease payments and a corresponding liability is recorded. The liability for capital leases is reported as obligations under capital lease on the government-wide statement of net position. The expense resulting from the amortization of assets recorded under capital leases is included in depreciation expense.

Carrying value of assets subject to an outstanding capital lease or lease purchase contract as of June 30, 2015 (in thousands):

Asset Class	Governmental Activities	Business-type Activities
Buildings, property, and equipment	$ 17,859	$ 1,340
Less accumulated depreciation	(13,670)	(397)
Total carrying value	$ 4,189	$ 943

Future minimum lease payments for capital leases and the related net present value as of June 30, 2015 (in thousands):

Year Ending June 30,	Governmental Activities	Business-type Activities
2016	$ 1,907	$ 286
2017	1,488	282
2018	1,153	24
2019	163	-
Total future minimum lease payments	4,711	592
Less amounts representing interest	(865)	(14)
Present value of minimum lease payments	$ 3,846	$ 578

C. Lease Receivables

The State receives rental income from land, property, and equipment leased to non-state entities. For the year ended June 30, 2015, the State received rental income of $4.9 million on leased assets with a carrying value of $17.0 million, net of $4.9 million in accumulated depreciation.

Future minimum lease revenues for non-cancelable operating leases as of June 30, 2015 (in thousands):

Year Ending June 30,	Amount
2016	$ 4,485
2017	3,955
2018	3,697
2019	3,463
2020	3,201
2021-2025	8,704
2026-2030	10,977
2031-2035	13,618
2036-2040	13,731
2041-2045	4,151
2046-2050	4
Total future minimum lease revenues	$ 69,986

8. DONOR-RESTRICTED ENDOWMENTS

Oregon University System

Oregon Revised Statute 351.130 gives the Oregon University System (OUS) authority to use the interest, income, dividends, or profit from donor-restricted endowments for the benefit of the designated institution. The OUS board's current spending policy calls for the annual distribution of 4 percent of the preceding 20-quarter moving average of market value of endowment funds. For the year ended June 30, 2015, the amount of net appreciation available for authorization for expenditure was $385 thousand. The corpus of the endowment funds is reported as nonexpendable net position on the proprietary funds statement of net position and the government-wide statement of net position. Expendable endowment funds are reported as part of expendable net position restricted for education.

9. SHORT AND LONG-TERM DEBT

A. Short-Term Debt

During the year, the Oregon Department of Human Services, the Oregon Military Department, and the Oregon Health Authority made loans from the Oregon Short-Term Fund (OSTF) to cover cash flow needs at the end of the biennium. Tax Anticipation Notes (TANS) issued in August 2013 were paid in July 2014. In addition, TANS were issued in July 2014 to cover seasonal cash needs within the 2015 fiscal year and were paid in June 2015.

Short-term debt activity for the year ended June 30, 2015 (in thousands):

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental activities				
Human Service treasury loan	$ -	$ 18,000	$ 5,000	$ 13,000
Military treasury loan	-	3,000	-	3,000
Health Authority treasury loan	-	50,000	50,000	-
Forestry treasury loan	20,000	-	20,000	-
Tax anticipation notes	650,744	600,738	1,251,482	-
Total short-term debt activity	$ 670,744	$ 671,738	$ 1,326,482	$ 16,000

B. General Obligation Bonds

The State issues general obligation bonds to provide funds for a variety of projects as authorized by the Oregon Constitution. General obligation bonds are secured by a pledge of the full faith, credit, and taxing power of the State.

Specific provisions of the Oregon Constitution authorize general obligation debt to be issued for governmental activities. Obligations issued for highway construction pursuant to Article XI, Section 7, are fully self-supporting. Article XI-G provides authorization to finance buildings and projects for community colleges. Debt service requirements for community colleges are financed through an appropriation from the General Fund. Article XI-H authorizes the financing of pollution abatement and control facilities, as well as pollution control and disposal activities. Facilities acquired under the pollution control program are required to conservatively appear to be at least 70 percent self-supporting and self-liquidating from revenues, gifts, federal grants, assessments, user charges, and other fees. Article XI-L provides authorization to finance capital costs of Oregon Health and Science University. Article XI-M provides authorization to finance seismic rehabilitation projects for public education buildings and XI-N for emergency service buildings. Article XI-O provides authorization to finance pension liabilities through the issuance of general obligation bonds. Article XI-Q provides authorization to finance real or personal property projects to be owned or operated by the State.

The Oregon Constitution also authorizes general obligation debt to be used for business-type activities. Article XI-A authorizes the creation of the Oregon War Veterans' Fund to finance farm and home loans for eligible veterans. Financing of multi-family housing for the elderly and disabled persons is authorized in Article XI-I (2). Article XI-J provides authorization to finance loans for the development of small-scale local energy projects. The preceding bonds of business-type activities are fully self-supporting.

With the transition from the Oregon University System to independent governing boards, debt related to the higher education is reported in both the governmental and business activities. Issuance of general obligation bonds to finance higher education building projects is authorized in Article XI-F (1). Article XI-G authorizes financing of higher education facilities and institution activities. Debt service requirements for these higher education obligations are financed through an appropriation from the General Fund.

Debt service requirements for general obligation bonds as of June 30, 2015 (in thousands):

	Governmental Activities		Business-type Activities		Fiduciary Fund Activities	
Year ending June 30,	Principal[1]	Interest	Principal[2]	Interest	Principal	Interest
2016	$ 154,222	$ 172,009	$ 90,116	$ 101,833	$ 585	$ 60
2017	167,290	167,266	88,565	100,621	615	31
2018	181,567	158,750	90,442	95,389	-	-
2019	195,350	149,124	94,742	89,307	-	-
2020	211,945	138,837	93,321	85,882	-	-
2021-2025	1,279,709	510,437	495,686	344,768	-	-
2026-2030	798,416	162,164	492,252	230,483	-	-
2031-2035	225,230	54,733	401,195	130,819	-	-
2036-2040	103,417	12,522	314,750	50,769	-	-
2041-2045	7,525	720	88,275	6,263	-	-
2046-2050	755	19	1,485	51	-	-
Total	$ 3,325,426	$ 1,526,581	$ 2,250,829	$ 1,236,185	$ 1,200	$ 91

[1] Includes $1.84 million in pension bond debt.

[2] Includes a total of $139.4 million of bonds with variable interest rates adjusted daily or weekly based on the rates determined by the remarketing agent. The interest rates at the end of the fiscal year were 0.03 percent for $85.5 million of these bonds, 0.06 percent for $30 million, and 0.07 percent for $23.9 million.

C. Revenue Bonds

Oregon Revised Statutes (ORS) authorizes the State to issue revenue bonds. Revenue bonds are secured by a pledge of revenues derived from the operation of the programs funded by the issuance of these obligations. The resulting bond obligations are not general obligations of the State.

ORS 286A.560 through 286A.585, 327.700 through 327.711, and 348.716 authorize the State to issue revenue bonds that are supported by unobligated net lottery proceeds. To date, lottery revenue bonds have been issued for infrastructure improvements, state parks, expansion and refurbishment of school facilities, light rail transportation, improvements to state fair facilities, acquisition of state forestland, watershed project grants, and economic development in rural and distressed communities. Lottery revenue bonds have been issued for both governmental and business-type activities.

ORS 367.605 through 367.665 authorize the Oregon Department of Transportation to issue highway user tax bonds for governmental activities to build and maintain public roads. Debt service payments for these bonds are funded by highway user taxes and vehicle registration fees.

ORS 456.645 authorizes the Oregon Housing and Community Services Department to issue revenue bonds for financing single-family mortgage loans and multi-family housing projects. Mortgage payments and fees and rental revenues support these bonds. ORS 285B.467 through 258B.482 authorize the Oregon Business Development Department to issue revenue bonds for financing infrastructure improvement projects through the Special Public Works Fund, while ORS 285B.572 through 285B.599 authorize the issuance of revenue bonds for financing water projects through the Water/Wastewater Financing Fund. Loan repayments support the bonds associated with these business-type activities.

Debt service requirements for revenue bonds as of June 30, 2015 (in thousands):

	Governmental Activities		Business-type Activities	
Year ending June 30,	Principal[1]	Interest	Principal[2]	Interest
2016	$ 125,522	$ 145,484	$ 59,328	$ 36,447
2017	132,823	139,615	36,697	35,187
2018	125,178	134,629	37,312	34,241
2019	128,521	129,602	37,169	33,180
2020	121,939	124,292	39,011	32,006
2021-2025	662,787	535,696	234,523	136,384
2026-2030	789,324	356,456	273,466	86,997
2031-2035	825,894	143,854	243,166	45,232
2036-2040	368,080	12,565	163,005	20,733
2041-2045	-	-	55,805	5,363
2046-2050	-	-	4,140	635
2051-2055	-	-	1,210	90
Total	$ 3,280,068	$ 1,722,193	$ 1,184,832	$ 466,495

[1] Includes a total of $265.5 million of bonds with variable interest rates adjusted weekly based on the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) rate. The rate at the end of the fiscal year was 0.38 percent.

[2] Includes bonds with variable interest rates adjusted weekly based on the rates determined by the remarketing agent, not to exceeded 12 percent. The interest rates at the end of the fiscal year were 0.06 percent for $16.1 million of these bonds, 0.07 percent for $14.9 million, 0.08 percent for $19.6 million, 0.09 percent for $114.2 million, 0.12 percent for $13.5 million, and 0.13 percent for $69.7 million.

D. Certificates of Participation

ORS 283.085 through 283.092 authorize the State to enter into financing agreements through the issuance of certificates of participation. The State has issued certificates of participation to provide funds for the acquisition of computer and telecommunication systems, and the acquisition, construction, or remodeling of State facilities. Certificates of participation have been issued for governmental and business-type activities.

Debt service requirements for certificates of participation as of June 30, 2015 (in thousands):

	Governmental Activities		Business-type Activities	
Year ending June 30,	Principal	Interest	Principal	Interest
2016	$ 51,217	$ 22,567	$ 4,937	$ 2,393
2017	44,546	20,430	4,775	2,169
2018	36,341	18,601	4,594	1,974
2019	31,025	17,084	3,875	1,790
2020	30,780	15,754	3,670	1,633
2021-2025	90,285	62,382	5,490	6,732
2026-2030	75,015	43,544	13,555	4,617
2031-2035	97,690	18,858	6,995	1,331
2036-2040	13,240	1,782	-	-
Total	$ 470,139	$ 221,002	$ 47,891	$ 22,639

E. Changes in Long-Term Debt

Changes in long-term debt for governmental activities for the year ended June 30, 2015 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds/certificates payable:					
General obligation bonds	$ 3,060,153	$ 425,643	$ 160,370	$ 3,325,426	$ 154,222
Revenue bonds	3,376,449	1,154,938	1,251,319	3,280,068	125,522
Certificates of participation	600,031	-	129,892	470,139	51,217
Less amounts:					
For issuance discounts	(2,283)	-	(128)	(2,155)	-
For issuance premiums	288,850	306,992	67,260	528,582	-
Total bonds/certificates payable	$ 7,323,200	$ 1,887,573	$ 1,608,713	$ 7,602,060	$ 330,961

Changes in long-term debt for business-type activities for the year ended June 30, 2015 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Bonds/certificates payable:					
General obligation bonds	$ 2,292,984	$ 262,963	$ 305,118	$ 2,250,829	$ 90,116
Revenue bonds	1,335,396	104,452	255,016	1,184,832	59,328
Certificates of participation	75,519	-	27,628	47,891	4,937
Less amounts:					
For issuance discounts	(686)	-	(118)	(568)	-
For issuance premiums	117,989	59,808	14,402	163,395	-
Accreted interest	39,630	3,136	7,891	34,875	-
Total bonds/certificates payable	$ 3,860,832	$ 430,359	$ 609,937	$ 3,681,254	$ 154,381

Changes in long-term debt for fiduciary fund activities for the year ended June 30, 2015 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Fiduciary fund activities					
Bonds/certificates payable:					
General obligation bonds	$ 1,765	$ -	$ 565	$ 1,200	$ 585
Less amounts:					
For issuance premiums	178	-	63	115	-
Total bonds/certificates payable	$ 1,943	$ -	$ 628	$ 1,315	$ 585

F. Demand Bonds

Oregon Department of Veterans' Affairs

Included in long-term debt are the following State of Oregon, General Obligation, Veterans' Welfare Variable Rate Demand Bonds, along with selected terms of their standby purchase agreements (SPBAs) at June 30, 2015 (dollars in thousands):

Series	Outstanding Amount	Liquidity Provider	Expiration Date	Commitment Fee	Remarketing Agent	Remarketing Fee
84	$ 30,000	Bank of Tokyo-Mitsubishi UFJ, Ltd	12/30/2016	0.3500%	J.P. Morgan Secuirties, Inc.	0.05%
85	15,140	U.S. Bank National Association	5/31/2016	0.3300%	J.P. Morgan Secuirties, Inc.	0.07%
86	31,320	U.S. Bank National Association	5/31/2016	0.3300%	J.P. Morgan Secuirties, Inc.	0.07%
87C	9,045	U.S. Bank National Association	5/31/2016	0.3300%	J.P. Morgan Secuirties, Inc.	0.07%
88B	30,000	U.S. Bank National Association	5/31/2016	0.3300%	J.P. Morgan Secuirties, Inc.	0.07%
90B	23,885	Bank of Tokyo-Mitsubishi UFJ, Ltd	12/30/2016	0.3500%	J.P. Morgan Secuirties, Inc.	0.07%

These bonds are general obligations of the State and are payable from revenues and reserves of the Veterans' Loan Program. The bondholders may tender these bonds on specified dates at a price equal to principal plus accrued interest.

The Oregon Department of Veterans' Affairs (DVA) remarketing agent is authorized to use their best efforts to sell the repurchased bonds at face value by adjusting the interest rate on a daily or weekly basis based on the applicable mode. The designated remarketing agent for such bonds will determine the interest rate borne by each series of bonds. DVA pays its designated remarketing agent a fee for this service.

In the event the bonds cannot be remarketed, they will be purchased as specified by the respective SBPA. Under the SBPA for Series 84 and 90B, the Bank of Tokyo-Mitsubishi UFJ, Ltd. will commit to purchase any series 84 or 90B unremarketed bonds, subject to certain conditions. Under the SBPA for Series 85, 86, 87C, and 88B (Series 85-88B SBPA), U.S. Bank National Association will commit to purchase any Series 85, 86, 87C, or 88B unremarketed bonds, subject to certain conditions.

If a tender advance does occur under the Series 84 and 90B SBPA, it will accrue interest at the bank's base rate (either a prime lending rate plus 1 percent, or the federal funds rate plus 2 percent, or 7.5 percent, whichever is higher) for the time period up to 30 days; at the bank's base rate plus 0.5 percent for the time period covering 31 days up to 60 days; and at the bank's base rate plus 1 percent for the time period thereafter. If the tender advance is in default, interest will accrue at the bank's base rate plus 2 percent. Interest on a tender advance must generally be paid first before the principal portion of a tender advance is repaid. In most cases, tender advances are required to be repaid on the earliest of (a) the date the applicable bonds are paid in full; (b) the conversion date of all or a portion of the applicable bonds to a fixed rate, an indexed rate, or a non-covered interest rate, or (c) the effective date of delivery of a substitute alternative liquidity facility. Tendered bonds that are unremarketed by the 91st day after the purchase date of the tender advances must be paid in full over a four year period in eight equal (or nearly equal) semi-annual installments, unless and until the bonds are remarketed or redeemed. If repayment of any tender advance does not occur within the specified timeframe contained in Series 84 and 90B SBPA, a default has occurred.

No tender advances or draws were necessary to purchase unremarketed bonds under the Series 84 and 90B SBPA for fiscal year 2015. Therefore, no tender advances or draws were outstanding as of June 30, 2015.

If a tender advance does occur under the Series 85-88B SBPA, it will accrue interest at the bank's base rate (either a prime lending rate plus 1 percent, the federal funds rate plus 2 percent, the Securities Industry and Financial Markets Association (SIFMA) rate plus 1 percent or 7 percent for the time period 31 days after the purchase date and thereafter, whichever is higher) for the time period up to 30 days; at the bank's base rate plus 1 percent for the time period covering 31 days up to 90 days; and at the bank's base rate plus 1.5 percent for the time period thereafter. If the tender advance is in default, interest will accrue at the bank's base rate plus 3 percent. Interest on a tender advance must generally be repaid first before the principal portion of a tender advance is repaid. In most cases, tender advances are required to be repaid on the earliest of (a) the date the applicable bonds are paid in full; (b) the conversion date of all or a portion of the applicable bonds to a fixed rate, an indexed rate, or a non-covered interest rate; or (c) the effective date of delivery of a substitute alternative liquidity facility. Tendered bonds that are unremarketed by the 91st day after the purchase date of the tender

advance must be paid in full over a four year period in eight equal (or nearly equal) semi-annual installments, unless and until the bonds are remarketed or redeemed. If repayment of any tender advance does not occur within the specified timeframe contained in the Series 85-88B SBPA, a default has occurred.

No tender advances or draws were necessary to purchase unremarketed bonds under the Series 85-88B SBPA for fiscal year 2015. Therefore, no tender advances or draws were outstanding as of June 30, 2015.

Oregon Housing and Community Services Department

Included in Oregon Housing and Community Services Department's (OHCSD) long-term debt is $247.9 million in variable rate demand bonds. OHCSD's variable rate demand bonds are remarketed weekly by a remarketing agent. Bondholders may elect to tender their bonds by providing written notice to the remarketing agent as specified in the official statement for the series. On the date that bonds are tendered, the remarketing agent will use its best effort to sell the bonds or may purchase the bonds for its own account.

OHCSD has entered into standby purchase agreements (SBPAs) to provide liquidity in the event that the remarketing agent is unable to sell the tendered bonds and does not choose to buy the bonds for its own account. The SBPAs require the liquidity provider to provide funds for the purchase of the tendered bonds. On the purchase date, the bonds become known as liquidity provider bonds or bank bonds and bear interest at the bank rate in accordance with the SBPAs. The maximum rate is 12 percent (Bank of America, N.A., State Street Bank and Trust Company, and JPMorgan Chase Bank, N.A.). The bonds remain bank bonds until they are sold by the remarketing agent or the remarketing agent purchases them for its own account. If the bonds are not remarketed or purchased by the remarketing agent for its own account, mandatory redemption in ten equal installments are to be paid on the first business day of January and July, commencing on the first such date to occur after the bonds become liquidity provider bonds (State Street Bank and Trust Company) or at least 90 days after the related purchase date (Bank of America, N.A. and JPMorgan Chase Bank, N.A.). There were no bank bonds on June 30, 2015.

Certain terms of the standby purchase agreements and remarketing agreements are listed below (dollars in thousands):

Series	Outstanding Amount	Liquidity Provider	Expiration Date	Commitment Fee	Remarketing Agent	Remarketing Fee
MF 2004 B	$ 13,520	Bank of America, N.A.	8/27/2017	0.5000%	Merrill Lynch, Pierce, Fenner & Smith, Inc.	0.08%
MRB 2005 F	14,885	State Street Bank and Trust Company	11/20/2016	0.5200%	CitiGroup Global Markets, Inc.	0.07%
MRB 2006 C	19,155	State Street Bank and Trust Company	11/20/2016	0.5200%	J.P. Morgan Securities, LLC	0.07%
MRB 2006 F	19,570	State Street Bank and Trust Company	11/20/2016	0.5200%	CitiGroup Global Markets, Inc.	0.07%
MRB 2006 G	16,105	State Street Bank and Trust Company	11/20/2016	0.5200%	CitiGroup Global Markets, Inc.	0.07%
MRB 2007 E	30,000	JPMorgan Chase Bank, NA	12/31/2017	0.4930%	J.P. Morgan Securities, LLC	0.07%
MRB 2007 H	30,000	JPMorgan Chase Bank, NA	12/31/2017	0.4930%	J.P. Morgan Securities, LLC	0.07%
MRB 2008 C	35,000	JPMorgan Chase Bank, NA	12/31/2017	0.4930%	J.P. Morgan Securities, LLC	0.07%
MRB 2008 F	35,000	JPMorgan Chase Bank, NA	12/31/2017	0.4930%	Merrill Lynch, Pierce, Fenner & Smith, Inc.	0.07%
MRB 2008 I	34,650	JPMorgan Chase Bank, NA	12/31/2017	0.4930%	Merrill Lynch, Pierce, Fenner & Smith, Inc.	0.07%

G. No-Commitment Debt

No-commitment debt refers to debt issued to finance public purpose expenditures intended for beneficial ownership by private entities. Such debt bears the name of the State but is secured solely by the credit of the private entity and usually is serviced and administered by a trustee independent of the State. The State has no obligation for payment of this debt. Accordingly, this debt is not reported in the accompanying financial statements.

No-commitment debt outstanding as of June 30, 2015 (in thousands):

Primary Government	Amount
Oregon Business Development Department	$ 369,123
Oregon Facilities Authority	1,852,234
Housing and Community Services Department	248,227
Total no-commitment debt	$ 2,469,584

H. Debt Refundings

Occasionally, the State issues new long-term debt to extinguish the obligation of previously issued bonds or certificates of participation in order to take advantage of lower interest rates. In instances of advanced refunding, the money from the sale of the new debt is placed in an irrevocable trust to provide for all future debt service payments on the old debt. The amount of these issuances has provided funds to pay the interest and principal when due on the refunded debt to and including the dates irrevocably fixed for redemption. The trust account assets and liabilities for the defeased debt are not included in the accompanying financial statements.

Current/advance refunding issues that occurred between July 1, 2014, and June 30, 2015:

On July 9, 2014, the Oregon Department of Transportation issued $194.5 million in 2014 Series A Revenue Bonds with an average interest rate of 4.8 percent. The bonds were issued to refund $205 million of various series outstanding Revenue Bonds with an average interest rate of 4.9 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 17 years by $19.7 million and resulted in an economic gain of $15.5 million.

On July 29, 2014, the Oregon Department of Administrative Services issued $18.6 million in 2014 Series A Lottery Revenue Bonds with an average interest rate of 4.6 percent. These bonds refunded $20.3 million of 2006 Series A Lottery Revenue Bonds with an average interest rate of 4.2 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 13 years by $1.7 million and resulted in an economic gain of $1.5 million.

On July 29, 2014, the Oregon Department of Administrative Services issued $89.5 million in 2014 Series B Lottery Revenue Bonds with an average interest rate of 5 percent. These bonds refunded $95.5 million of 2007 Series A Lottery Revenue Bonds with an average interest rate of 4.9 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 13 years by $10.6 million and resulted in an economic gain of $8.8 million.

On July 29, 2014, the Oregon Department of Administrative Services issued $105.6 million in 2014 Series C Lottery Revenue Bonds with an average interest rate of 5 percent. These bonds refunded $107.1 million of 2009 Series A Lottery Revenue Bonds with an average interest rate of 5.1 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 11 years by $5.4 million and resulted in an economic gain of $4.6 million.

On December 3, 2014, the Oregon Department of Veterans' Affairs issued $36 million in 2014 Series G General Obligation Bonds with an average interest rate of 3.2 percent. These bonds refunded $26 million of various series General Obligation Bonds. The current refunding was undertaken to reduce the total debt service payments over the next 14 years by $ 1.1 million and resulted in an economic loss of $2 million.

On January 27, 2015, the Oregon Department of Transportation issued $381.3 million in 2015 Series A Revenue Bonds with an average interest rate of 4.7 percent. The bonds were issued to refund $408.3 million of outstanding 2007 Series A and 2009 Series A Revenue Bonds with an average interest rate of 4.7 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 18 years by $44.1 million and resulted in an economic gain of $33.1 million.

On January 28, 2015, the Oregon Department of Administrative Services issued $118 million in 2015 Series C Lottery Revenue Bonds with an average interest rate of 4 percent. These bonds refunded $127.3 million of various series Lottery Revenue Bonds with an average interest rate of 4.3 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 13 years by $4 million and resulted in an economic gain of $3.2 million.

On January 28, 2015, the Oregon Department of Administrative Services refunded $11.7 million in 2008 Series A Lottery Revenue Bonds with an average interest rate of 4.5 percent. The current refunding was used to pay off the bonds and no new debt was issued.

On January 28, 2015, the Oregon Department of Administrative Services issued $164.2 million in 2015 Series D Lottery Revenue Bonds with an average interest rate of 5 percent. These bonds refunded $177.1 million of 2009 Series A Lottery Revenue Bonds with an average interest rate of 5 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 14 years by $20.1 million and resulted in an economic gain of $16.1 million.

On January 28, 2015, the Oregon Department of Administrative Services issued $22.7 million in 2015 Series E Lottery Revenue Bonds with an average interest rate of 5 percent. These bonds refunded $23.9 million of 2009 Series D Lottery Revenue Bonds with an average interest rate of 5 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 14 years by $1.9 million and resulted in an economic gain of $1.5 million.

On January 28, 2015, the Oregon Department of Administrative Services issued $17.2 million in 2015 Series F Lottery Revenue Bonds with an average interest rate of 1.6 percent. These bonds refunded $18.3 million of 2010 Series A Lottery Revenue Bonds with an average interest rate of 5.1 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 14 years by $1.6 million and resulted in an economic gain of $1.2 million.

On February 26, 2015, the Oregon Department of Administrative Services, on behalf of the Oregon University System, issued $82 million in 2015 Series A XI-G General Obligation Bonds with an average interest rate of 4.8 percent. These bonds refunded $89.2 million of various series XI-G General Obligation Bonds with an average interest rate of 4.8 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 23 years by $11.7 million and resulted in an economic gain of $9.1 million.

On February 26, 2015, the Oregon Department of Administrative Services, on behalf of Oregon University System, issued $69.2 million in 2015 Series B XI-F (1) General Obligation Bonds with an average interest rate of 4.7 percent. These bonds refunded $74.4 million of various series XI-F (1) General Obligation Bonds with an average interest rate of 4.8 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 23 years by $9.5 million and resulted in an economic gain of $7.5 million.

On March 31, 2015, the Oregon Department of Administrative Services issued $72.9 million in 2015 Series H General Obligation Bonds with an average interest rate of 4.7 percent. These bonds refunded $77.2 million of 2008 Series A and 2009 Series A Certificates of Participation with an average interest rate of 4.7 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 12 years by $7 million and resulted in an economic gain of $5.5 million.

On March 31, 2015, the Oregon Department of Administrative Services issued $9.1 million in 2015 Series I General Obligation Bonds with an average interest rate of 4.3 percent. These bonds refunded $9.6 million of 2007 Series B Certificates of Participation with an average interest rate of 4.4 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 7 years by $942.3 thousand and resulted in an economic gain of $712 thousand.

On April 30, 2015, the Oregon Department of Administrative Services, on behalf of Community Colleges and Workforce Development Department, issued $36.7 million in 2015 Series K General Obligation Bonds with an average interest rate of 3.6 percent. These bonds refunded $35.4 million of various series General Obligation Bonds with an average interest rate of 4.7 percent. The advanced refunding was undertaken to reduce the total debt service payments over the next 11 years by $3.7 million and resulted in an economic gain of $2.9 million.

I. Defeased Debt

The State has defeased certain general obligation and revenue bonds, as well as certificates of participation, by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the liability for defeased debt is not included in the State's financial statements. On June 30, 2015, $1.9 billion of debt outstanding is considered defeased.

10. OTHER LONG-TERM LIABILITIES

Changes in other long-term liabilities for governmental activities for the year ended June 30, 2015 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences payable	$ 176,647	$ 8,233	$ 751	$ 184,129	$ 121,525
Claims and judgments payable	1,181,409	109,869	145,306	1,145,972	118,324
Arbitrage rebate payable	740	362	-	1,102	281
Custodial liabilities	276,843	893,718	852,369	318,192	314,708
Contracts, mortgages, and notes payable	412,560	93,665	129,025	377,200	33,421
Obligations under capital lease	3,027	3,597	2,778	3,846	1,594
Pollution remediation obligation	16,901	5,355	4,323	17,933	5,262
Net OPEB obligation	52,285	3,050	-	55,335	-
Total other long-term liabilities	$ 2,120,412	$ 1,117,849	$ 1,134,552	$ 2,103,709	$ 595,115

Internal service funds predominantly serve the governmental funds. Therefore, long-term liabilities for internal service funds are included as part of the totals for governmental activities. The compensated absences liability is mainly liquidated through the General Fund, Health and Social Services Fund, and the Public Transportation Fund. The claims and judgments liability is generally liquidated through the Employment Services Fund and the Central Services Fund, an internal service fund. The arbitrage rebate liability is generally liquidated through the Revenue Bond Fund. The custodial liabilities are expected to be liquidated by the Common School Fund and the Health and Social Services Fund. The liability for contracts, mortgages, and notes is generally liquidated through the General Fund, the Environmental Management Fund, the Health and Social Services Fund and the Public Transportation Fund. The capital lease obligations are generally liquidated through the Central Services Fund. The pollution remediation obligation will be mainly liquidated through the Environmental Management Fund and the Public Transportation Fund. The net OPEB obligation is the result of the State's pay-as-you-go funding policy for other postemployment benefits offered through the Public Employees Benefit Board, and is liquidated by each governmental fund, excluding the debt service funds.

Changes in other long-term liabilities for business-type activities for the year ended June 30, 2015 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences payable	$ 74,991	$ 1,578	$ 53,626	$ 22,943	$ 15,957
Claims and judgments payable	26,135	212,210	223,547	14,798	14,798
Lottery prize awards payable	159,083	212,047	207,546	163,584	30,579
Arbitrage rebate payable	21,075	982	3	22,054	112
Custodial liabilities	65,520	62,626	77,019	51,127	49,094
Contracts, mortgages, and notes payable	160,108	17,072	126,261	50,919	3,409
Obligations under capital lease	69	826	317	578	275
Net OPEB obligation	26,066	339	16,985	9,420	-
Derivative instruments liability	19,171	-	6,400	12,771	-
Total other long-term liabilities	$ 552,218	$ 507,680	$ 711,704	$ 348,194	$ 114,224

Changes in other long-term liabilities for fiduciary fund activities for the year ended June 30, 2015 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Fiduciary fund activities					
Custodial liabilities	$ 1,584,808	$ 8,315,440	$ 8,289,410	$ 1,610,838	$ 1,536,632
Contracts, mortgages, and notes payable	1,762	-	443	1,319	86
Net OPEB obligation	544	31	-	575	-
Total other long-term liabilities	$ 1,587,114	$ 8,315,471	$ 8,289,853	$ 1,612,732	$ 1,536,718

11. POLLUTION REMEDIATION OBLIGATION

Pollution remediation obligations address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, including pre-cleanup activities, cleanup activities, government oversight and enforcement-related activities, and postremediation monitoring. Excluded from pollution remediation obligations are obligations for pollution prevention and control activities, fines, and penalties, landfill closure and postclosure care, and other future remediation activities required upon retirement of an asset.

The State recognizes a pollution remediation obligation when it can reasonably estimate the range of expected cash outlays. At June 30, 2015, the State recognized an estimated liability of $17.9 million for pollution remediation activities. The liability, which is reported in the government-wide statement of net position, was recorded at the current value of the costs the State expects to incur to perform the work.

For many projects, the State can reasonably estimate the range of expected outlays early in the process, using the State's remediation history for similar sites as the basis for the calculations. In other cases, the estimated liability is based on the amount specified in a contract for remediation services or the estimate of the cleanup costs provided by an environmental consulting firm. Expected recoveries from responsible parties or potentially responsible parties and insurance recoveries are included in the estimates and reduce the State's expense. No material expected recoveries were included in the measurement of the State's pollution remediation obligation at June 30, 2015.

When new information indicates changes in expected outlays, the liability for pollution remediation is adjusted. Adjustments may occur due to price fluctuations resulting from delays in contracting specific remediation jobs, changes in technology, changes in legal or regulatory requirements, and changes in the remediation plan or operating conditions.

Currently, the Oregon Department of Environmental Quality (DEQ), as a government responsible for sharing cost under federal law, is obligated to clean up three Superfund sites. Two sites are contaminated with chemicals used in the wood-treatment industry. Contamination was found in the soil, groundwater, and sediments of adjacent rivers. The third site is contaminated with asbestos in the soil resulting from demolition of approximately eighty 1940s era military barracks buildings. The Oregon Department of Transportation (ODOT) also performs ongoing pollution remediation. For example, to facilitate the agency's transportation goals, ODOT voluntarily conducts the cleanup of contaminated soil and ground water found within the footprint of a construction project and removes lead-based paint when performing bridge repairs. In other cases, DEQ has named ODOT as a responsible party or potentially responsible party, or ODOT has entered the contaminated site into the DEQ's Voluntary Cleanup Program as the responsible party.

As of June 30, 2015, the State is involved in negotiations related to a confidential, non-judicial mediation process that will result in an allocation of cost associated with the investigation and cleanup of contamination in the Portland Harbor Superfund site. There are over 200 parties, private and public, that may eventually bear a share of the costs. It is too early in the Environmental Protection Agency's remedial action process to estimate the total cleanup costs that may be shared by the liable parties and what portion of that, if any, will be assessed against the State. The Portland Harbor Superfund site is discussed in more detail in Note 25.

12. PLEDGED REVENUES

A. Unobligated Net Lottery Proceeds

The State has pledged future unobligated net lottery proceeds to repay $1.1 billion of lottery revenue bonds. Unobligated net lottery proceeds consist of all revenues derived from the operation of the Oregon State Lottery except for revenues used for payment of prizes and expenses of the Lottery. Proceeds from lottery revenue bonds provide financing for economic development within the state, as well as for the improvement and expansion of state parks and school facilities. The bonds are payable solely from the pledged revenues and are payable through 2035. Total principal and interest remaining to be paid on the bonds is $1.6 billion. In fiscal year 2016, principal and interest payments on the bonds are expected to require approximately 21.3 percent of unobligated net lottery proceeds. Principal and interest paid for the current year and total unobligated net lottery proceeds recognized were $123.8 million and $551.9 million, respectively.

B. Highway User Taxes and Vehicle Registration Fees

The State has pledged future highway user taxes and vehicle registration fees, net of administrative expenses, operation transfers, and statutory transfers to counties, to repay $2.3 billion of highway user tax revenue bonds. Proceeds from the bonds provide financing for the construction, reconstruction, improvement, repair, maintenance and operation, and use of public highways, roads, streets, and roadside rest areas for the State. The bonds are payable solely from the pledged revenues and are payable through November 2038. Total principal and interest remaining to be paid on the bonds is $3.7 billion. Fiscal year 2016 principal and interest payments on the bonds are expected to require approximately 29.6 percent of pledged revenues. Principal and interest paid for the current year and total pledged revenues recognized were $169.5 million and $588.3 million, respectively.

13. INTERFUND TRANSACTIONS

Interfund balances reported in the fund financial statements as of June 30, 2015 (in thousands):

	Due from Other Funds				
Due to Other Funds	**General**	**Health and Social Services**	**Public Transportation**	**Environmental Management**	**Common School**
General	$ -	$ 19,806	$ 13	$ 3,322	$ 24
Health and Social Services	64,624	-	-	115	-
Public Transportation	3,618	-	-	12,148	-
Environmental Management	1,252	-	4,335	-	607
Common School	-	-	-	760	-
Nonmajor Governmental Funds	13,369	1,758	7,708	36	-
Housing and Community Services	-	-	-	-	-
Lottery Operations	148,040	-	-	-	-
Unemployment Compensation	-	-	-	-	-
Nonmajor Enterprise Funds	26,438	686	-	1,342	-
Internal Service Funds	20,005	-	-	7	-
Fiduciary Funds	-	-	-	-	-
Total	$277,346	$ 22,250	$ 12,056	$ 17,730	$ 631

	Advances to Other Funds				
Advances from Other Funds	**Common School**	**Nonmajor Governmental Funds**	**Nonmajor Enterprise Funds**	**Internal Service Funds**	**Total**
General	$ -	$ -	$ -	$ 549	$ 549
Environmental Management	300	-	-	-	300
Nonmajor Governmental Funds	-	-	28	-	28
University System	-	13,700	17,507	-	31,207
Internal Service Funds	-	-	88	-	88
Total	$ 300	$ 13,700	$ 17,623	$ 549	$ 32,172

Interfund balances result from the time lag between the date a transaction for interfund goods and services or reimbursable expenditures/expenses is recorded and the date the payment between funds is made. Advances to and from other funds are not expected to be repaid within one year.

Due from Other Funds (continued)

Nonmajor Governmental Funds	Housing and Community Services	Unemployment Compensation	University System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
$ 89,686	$ -	$ -	$ 3,594	$ 2,688	$ 14,870	$ -	$ 134,003
404	-	-	-	2,253	6,710	-	74,106
3,538	-	-	-	-	-	-	19,304
1,662	-	-	-	-	57	-	7,913
1	-	-	-	-	-	-	761
9,884	2	-	14,566	10	1,944	-	49,277
101	-	-	-	-	-	-	101
-	-	-	-	-	-	-	148,040
2,956	-	-	-	-	-	71	3,027
635	-	-	-	110	74	265	29,550
112	-	-	-	7	-	-	20,131
1	-	437	-	-	-	6,778	7,216
$ 108,980	$ 2	$ 437	$ 18,160	$ 5,068	$ 23,655	$ 7,114	$ 493,429

Interfund transfers reported in the fund financial statements as of June 30, 2015 (in thousands):

	Transfers from Other Funds				
Transfers to Other Funds	**General**	**Health and Social Services**	**Public Transportation**	**Environmental Management**	**Common School**
General	$ -	$ 78,787	$ 1,813	$ 27,252	$ 104
Health and Social Services	33,820	-	-	687	-
Public Transportation	7,061	-	-	30,627	-
Environmental Management	18,605	36	402	-	4,250
Common School	54,170	-	-	4,321	-
Nonmajor Governmental Funds	335,841	54,132	89,590	5,301	-
Housing and Community Services	-	-	-	-	-
Lottery Operations	551,859	-	-	-	-
Unemployment Compensation	-	-	-	-	-
University System	255	-	-	-	-
Nonmajor Enterprise Funds	153,547	8,720	-	235	-
Internal Service Funds	5,451	-	-	600	-
Total	$1,160,609	$ 141,675	$ 91,805	$ 69,023	$ 4,354

Transfers are used to move (1) revenues collected by one fund to the fund authorized by statute or the State's budget to expend them, (2) receipts restricted to debt service or capital construction to the appropriate funds, and (3) unrestricted revenues collected by the General Fund for various programs accounted for in other funds according to State budget requirements.

Transfers from Other Funds (continued)

Nonmajor Governmental Funds	University System	Nonmajor Enterprise Funds	Internal Service Funds	Total
$ 517,336	$ 117,065	$ 215,556	$ 1,135	$ 959,048
22,850	-	3,741	-	61,098
281,630	-	-	-	319,318
17,803	-	-	130	41,226
354	-	-	-	58,845
85,566	4,185	9,384	712	584,711
211	-	-	-	211
1,883	-	-	-	553,742
1	-	-	-	1
8,228	-	-	-	8,483
13,155	-	5,000	14,157	194,814
17,858	-	231	-	24,140
$ 966,875	$ 121,250	$ 233,912	$ 16,134	$ 2,805,637

14. SEGMENT INFORMATION

Oregon Revised Statutes (ORS) 285B.410 through 285B.482 create the Special Public Works Fund and authorize the Oregon Business Development Department (OBDD) to issue revenue bonds to finance loans to municipalities for infrastructure projects. ORS 285B.560 through 285B.599 establish the Water/Wastewater Financing Fund and authorize OBDD to issue revenue bonds to finance loans to municipalities for safe drinking water projects and waste water system improvement projects. Loan repayments are pledged to repay the outstanding bonds.

ORS 456.645 authorizes the Oregon Housing and Community Services Department (OHCSD) to issue revenue bonds to finance single-family mortgage loans and multi-family housing projects. Article XI-I (2) of the Oregon Constitution authorized OHCSD to finance multi-family housing for elderly and disabled persons. Mortgage payments and fees and rental revenues support these bonds.

Summary financial information for the Special Public Works Fund, the Water/Wastewater Financing Fund and OHCSD's various bond funds for the year ended June 30, 2015 (in thousands):

Condensed statement of net position	**Special Public Works Fund**	**Water/ Wastewater Financing Fund**	**Mortgage Revenue Bonds**	**Housing Revenue Bonds**
Assets:				
Interfund receivables	$ 6	$ 3	$ -	$ -
Other current assets	103,256	26,838	53,158	12,386
Noncurrent assets	174,792	92,353	662,887	146,267
Total assets	278,054	119,194	716,045	158,653
Deferred outflows of resources	74	36	12,472	-
Liabilities:				
Interfund payables	3	-	-	-
Other current liabilities	9,663	3,528	46,609	11,212
Noncurrent liabilities	49,333	28,247	595,170	144,301
Total liabilities	58,999	31,775	641,779	155,513
Deferred inflows of resources	385	185	1,881	610
Net position:				
Restricted	1,498	893	84,857	2,530
Unrestricted	217,246	86,377	-	-
Total net position	$ 218,744	$ 87,270	$ 84,857	$ 2,530

Condensed statement of revenues, expenses, and changes in net position	**Special Public Works Fund**	**Water/ Wastewater Financing Fund**	**Mortgage Revenue Bonds**	**Housing Revenue Bonds**
Operating activities:				
Loan interest income	$ 8,259	$ 3,511	$ 27,292	$ 6,555
Other operating revenue	264	-	334	-
Other operating expenses	(5,103)	(4,628)	(24,084)	(5,786)
Operating income (loss)	3,420	(1,117)	3,542	769
Total nonoperating revenues (expenses)	472	103	1,257	376
Transfers from other funds	9,000	5,000	435	1
Transfers to other funds	(5,497)	(263)	(3,670)	-
Change in net position	7,395	3,723	1,564	1,146
Beginning net position (as restated)	211,349	83,547	83,293	1,384
Ending net position	$ 218,744	$ 87,270	$ 84,857	$ 2,530

Condensed statement of cash flows	Special Public Works Fund	Water/ Wastewater Financing Fund	Mortgage Revenue Bonds	Housing Revenue Bonds
Net cash provided (used) by:				
Operating activities	$ (2,626)	$ (3,008)	$ 73,477	$ 29,811
Noncapital financing activities	(5,050)	2,021	(139,987)	(25,884)
Investing activities	34,107	1,972	66,271	(2,203)
Net increase (decrease)	26,431	985	(239)	1,724
Beginning cash and cash equivalents	65,895	24,980	25,106	1,675
Ending cash and cash equivalents	$ 92,326	$ 25,965	$ 24,867	$ 3,399

Condensed statement of net position	Multifamily Housing Revenue Bonds	Elderly and Disabled Housing Fund
Assets:		
Current assets	$ 7,682	$ 9,552
Noncurrent assets	162,433	152,292
Total assets	170,115	161,844
Deferred outflows of resources	1,099	212
Liabilities:		
Current liabilities	7,249	8,391
Noncurrent liabilities	136,232	81,300
Total liabilities	143,481	89,691
Deferred inflows of resources	1,745	1,353
Net position:		
Net investment in capital assests	-	9
Restricted	25,988	71,003
Total net position	$ 25,988	$ 71,012

Condensed statement of revenues, expenses, and changes in net position	Multifamily Housing Revenue Bonds	Multiple Purpose Bonds	Elderly and Disabled Housing Fund
Operating activities:			
Loan interest income	$ 8,681	$ -	$ 8,374
Other operating revenue	-	-	34
Other operating expenses	(6,601)	(3)	(6,589)
Operating income (loss)	2,080	(3)	1,819
Total nonoperating revenues (expenses)	395	(99)	723
Transfers from other funds	427	-	-
Transfers to other funds	-	(3,430)	(53)
Change in net position	2,902	(3,532)	2,489
Beginning net position (as restated)	23,086	3,532	68,523
Ending net position	$ 25,988	$ -	$ 71,012

Condensed statement of cash flows	Multifamily Housing Revenue Bonds	Multiple Purpose Bonds	Elderly and Disabled Housing Fund
Net cash provided (used) by:			
Operating activities	$ 11,594	$ -	$ 23,784
Noncapital financing activities	(16,810)	(3,810)	(32,776)
Capital and related financing activities	-	-	(9)
Investing activities	5,557	3,694	9,613
Net increase (decrease)	341	(116)	612
Beginning cash and cash equivalents	1,030	116	34,920
Ending cash and cash equivalents	$ 1,371	$ -	$ 35,532

15. EMPLOYEE RETIREMENT PLANS

A. Plan Descriptions

Public Employees Retirement Plan

The Public Employees Retirement System (PERS) administers a cost-sharing, multiple-employer plan for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. Participation by state government units, school districts, and community colleges is mandatory. Participation by most political subdivisions is optional, but irrevocable if elected. As of June 30, 2015, there were 910 participating employers.

PERS is administered in accordance with Oregon Revised Statues (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the state Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree, and three members must have experience in business management, pension management, or investing.

In 1995 the Oregon Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. The legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to 58 for Tier One. Both Tier One ad Tier Two are defined benefit plans. As of June 30, 2015, there were 32,542 active plan members, 119,865 inactive plan members or their beneficiaries currently receiving benefits, 15,847 inactive plan members entitled to but not yet receiving benefits, and 10 inactive plan members not eligible for refund or retirement, for a total of 168,264 Tier One members. As of June 30, 2015, there were 41,275 active plan members, 10,890 inactive plan members or their beneficiaries currently receiving benefits, 15,400 inactive plan members entitled to but not yet receiving benefits, and 753 inactive plan members not eligible for refund or retirement, for a total of 68,318 Tier Two members in the System. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

In 2003 Legislature enacted HB 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program (defined benefit) and the Individual Account Program (IAP). The IAP is a defined contribution plan. Membership includes public employees hired on or after August 29, 2003. As of June 30, 2015, there were 94,773 active plan members, 1,751 inactive plan members or their beneficiaries currently receiving benefits, 4,227 inactive plan members entitled to but not yet receiving benefits, and 8,549 inactive plan members not eligible for refund or retirement, for a total of 109,300 OPSRP Pension Program members.

Beginning January 1, 2004, active PERS Tier One and Tier Two plan members became members of the IAP of OPSRP. PERS members retain their existing Defined Benefit Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts

are credited with earnings and losses net of administrative expenses. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

The PERS defined benefit and defined contribution retirement plans are reported as pension trust funds in the fiduciary funds combining statements and as part of the Pension and Other Employee Benefit Trust in the fiduciary funds basic financial statements. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information that may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at:

http://www.oregon.gov/PERS/Pages/section/financial_reports/financials.aspx

Optional Plans

The 1995 Oregon Legislature enacted legislation that authorized the Oregon University System (OUS) to offer a defined contribution retirement plan as an alternative to PERS. Beginning April 1, 1996, the Optional Retirement Plan (ORP) was made available to OUS academic and administrative faculty. The ORP consists of four tiers. Membership under ORP Tier One and Tier Two is determined using the same date of entry criteria as PERS. The third tier is determined by the date of entry applicable to the OPSRP. Employees hired on or after July 1, 2014, who elected the ORP are Tier Four members. The employee is entitled to an employer contribution plus a "match" contribution based on the employee's participation in the voluntary 403(b) investment plan.

In addition to PERS and ORP, ranked faculty hired on or before September 9, 1995, may participate in the Teacher's Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) retirement program. This plan was closed to new enrollment at the time the ORP became effective in 1996.

B. Benefits Provided

Tier One and Tier Two

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of $200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Tier Two members are eligible for full benefits at age 60.

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided certain criteria exist. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit. Monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA in fiscal year 2015 was capped at 1.5 percent for all benefit recipients.

OPSRP

The pension portion of OPSRP provides a life pension funded by employer contributions. For police and fire employees, 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. For general service employees, 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of service. Upon the

death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as a spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

OPSRP IAP

An IAP member becomes vested on the date of the employee account is established or on the date the rollover account was established. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-,10-,15-, 20-year period or an anticipated life span option. Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

C. Funding

Primary Government

To pay for PERS pension benefits, state agencies make required contributions based on a percentage of employee payrolls. The retirement contribution rates include an actuarially determined employer rate and a member contribution rate. The PERS Board updates the employer rates every two years, effective July 1 of each odd-numbered year. Currently, the member contribution, known as the 6 percent pick-up, is set by statute and is paid by state agencies. These two contributions are paid to the State's pension system and are invested at an acceptable level of investment risk as determined by the Oregon Investment Council.

The PERS employer contribution rates for state agencies for the biennium beginning July 1, 2013, and ending June 30, 2015, expressed as a percentage of covered payroll:

Tier One - Tier Two		OPSRP Employer Rates	
General Service	Police and Fire	General Service	Police and Fire
9.00%	16.27%	7.45%	10.18%

State agencies' employer contributions to PERS for fiscal years ended June 30, 2015, totaled approximately $152.8 million. Member contributions for the year ended June 30, 2015, were $129.4 million. The actual contribution equaled the contractually required contribution for the fiscal year.

In fiscal year 2004, the State issued $2 billion in pension obligation bonds to reduce the PERS pension liability. State agencies pay an additional assessment to cover the annual debt service requirements attributable to the pension bonds.

Oregon University System's Optional Retirement Plan (ORP)

Under the ORP Tier One, Tier Two, and the OPSRP Equivalent, the employee's contribution rate is 6 percent and is paid by the employer. The employer contribution rates for fiscal year 2015 were 16.5 percent for the ORP Tier One and ORP Tier Two, 6.42 percent for the OPSRP Equivalent and 8 percent for the ORP Tier Four. The Tier Four members are entitled to an employer contribution plus a "match" contribution based on the employee's participation in the voluntary 403(b) investment plan up to a 4 percent maximum. Total OUS employer contributions to the ORP for fiscal year ended June 30, 2015, was approximately $3.9 million. The OUS employee contributions to the ORP for the fiscal year ended June 30, 2015, was approximately $2.1 million.

Discretely Presented Component Units

The SAIF Corporation's employer contributions to PERS for the fiscal year ended December 31, 2014, was approximately $5.8 million. The actual contribution equaled the annual required contribution.

The respective employer contributions to PERS for the fiscal year ended June 30, 2015, for Oregon State University, University of Oregon, and Portland State University are approximately, $15.9 million, $13.2 million, and $7.3 million.

D. Net Pension Asset

At June 30, 2015, the State reported an asset of $430.9 million for its proportionate share of the net pension asset. The pension plan's fiduciary net position exceeds the total pension liability resulting in a net pension asset and will be addressed as such. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012. The State's portion of the net pension asset was based on a projection of the State's long-term share of contributions of all participating employers, actuarially determined. Certain component units are considered by the pension plan to be part of the State. The State determined those component units' proportionate share of the net pension asset and allocated it to them. At June 30, 2014, the State's proportion, excluding those component units, was 19 percent.

For the year ended June 30, 2015, the State recognized negative pension expenses of $393.5 million. At June 30, 2015, the State reported outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	$ -	$ 831,489
Changes in proportion and differences between employer contibutions and proportionate share of contributions	9,368	-
Total (prior to post-MD contributions)	9,368	831,489
Net deferred outflow/(inflow) of resources before contributions subsequent to MD	-	(822,121)
Contributions subsequent to the MD	152,791	N/A
Net deferred outflow/(inflow) of resources		$ (669,330)

The $152.8 million reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as an increase to the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Fiscal Year	Deferred Inflows of Resources
2016	$ (205,836)
2017	(205,836)
2018	(205,836)
2019	(205,835)
2020	1,222
	$ (822,121)

Deferred outflows and inflows of resources related to pensions are reported as follows (in thousands):

		Business-type Activities					
Deferred Outflows/(Inflows)	Governmental Activities	Housing and Community Services	Lottery Operations	University System	Other	Total	Total Primary Government
Deferred Outflows:							
Changes in proportion and differences between fund contributions and proportionate share of contributions	$ 8,447	$ 10	$ 80	$ 269	$ 562	$ 921	$ 9,368
Contributions subsequent to the MD	134,679	197	1,586	5,253	11,076	18,112	152,791
Total deferred outflows related to pensions	$ 143,126	$ 207	$ 1,666	$ 5,522	$ 11,638	$ 19,033	$ 162,159
Deferred Inflows:							
Net difference between projected and actual earnings on investments	$ 731,991	$ 1,078	$ 8,684	$ 29,063	$ 60,673	$ 99,498	$ 831,489
Total deferred inflows related to pensions	$ 731,991	$ 1,078	$ 8,684	$ 29,063	$ 60,673	$ 99,498	$ 831,489

Actuarial Assumptions

The following methods and assumptions were used in the development of the total pension liability:

Valuation date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.75 percent
Discount rate	7.75 percent
Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 sex distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

To develop an analytical basis for the selection of the long-term expected rate of return assumptions, in July 2013, the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

The following table shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation:

Asset Class	Target	Compound Annual Return (Geometric)
Core fixed income	7.20%	4.50%
Short-term bonds	8.00%	3.70%
Intermediate-term bonds	3.00%	4.10%
High yield bonds	1.80%	6.66%
Large cap US equities	11.65%	7.20%
Mid cap US equities	3.88%	7.30%
Small cap US equities	2.27%	7.45%
Developed foreign equities	14.21%	6.90%
Emerging foreign equities	5.49%	7.40%
Private equity	20.00%	8.26%
Opportunity funds/absolute return	5.00%	6.01%
Real estate (property)	13.75%	6.51%
Real estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Assumed inflation - mean		2.75%

The OIC's description of each asset class was used to map the target allocation to the asset classes. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the net pension liability (asset) calculated using the discount rate of 7.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percent lower (6.75 percent) or one percent higher (8.75 percent) than the current rate (in millions):

Net Pension Liability/(Asset)	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
Defined Benefit Pension Plan	$ 912.5	$ (430.9)	$ (1,567.1)

Changes in Plan Provisions

The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision that the provision of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2 percent increase annually. PERS will make restoration payments to those benefit recipients.

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, and the impact is estimated to change the State's June 30, 2014, net pension asset of $430.9 million to a net pension liability of $503.8 million.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

E. Separately Financed Specific Liability

Prior to the formation of the PERS State and Local Government Rate Pool (SLGRP), the State and community colleges were pooled together in the State and Community College Pool (SCCP), while local government employers participated in the Local Government Rate Pool (LGRP). These two pools combined to form the SLGRP, effective January 1, 2002. The unfunded actuarial liability (UAL) attributable to the SCCP at the time the SLGRP was formed is maintained separately from the SLGRP and is reduced by contributions and increased for interest charges at the assumed interest rate, which was 7.75 percent in fiscal year 2015. The pre-SLGRP pooled liability, which has been referred to as pension-related debt in this report, attributable to the State is being amortized over the period ending December 31, 2027. The outstanding pension-related debt balance as of June 30, 2015 for the State, as the primary government, is $379.5 million, and is reported in the accompanying financial statements as part of the contracts, mortgages, and notes payable balances.

16. OTHER POSTEMPLOYMENT BENEFIT PLANS

A. Public Employees Retirement System

Plan Descriptions

The Public Employees Retirement System (PERS) Board contracts for health insurance coverage on behalf of the members of PERS. Eligible retirees pay their own age-adjusted premiums. To help retirees defray the cost of these premiums, PERS also administers two separately defined benefit other postemployment benefit (OPEB) plans: the Retirement Health Insurance Account (RHIA) and the Retiree Health Insurance Premium Account (RHIPA).

The RHIA is a cost-sharing multiple-employer OPEB plan in which 910 employers participate. Established under Oregon Revised Statute (ORS) 238.420, the plan provides a payment of up to $60 toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive the RHIA subsidy, the member must (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991. The Legislature has sole authority to amend the benefit provisions and employer obligations for the RHIA plan. The number of RHIA plan members receiving benefits was 44,537 as of June 30, 2015.

Established under ORS 238.415, the RHIPA is considered a single-employer OPEB plan for financial reporting purposes, although certain discretely presented component units and related organizations, which are described in Note 1, do participate in the plan. The plan provides payment of the average difference between the health insurance premiums paid by retired state employees under contracts entered into by the PERS Board and health insurance premiums paid by state employees who are not retired. PERS members are qualified to receive the RHIPA subsidy if they have eight or more years of qualifying service in PERS at the time of retirement or receive a disability pension calculated as if they had eight or more years of qualifying service, but are not eligible for federal Medicare coverage. A surviving spouse or dependent of a deceased retired state employee is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired on or after September 29, 1991. The Legislature has sole authority to amend the benefit provisions and employer obligations of the RHIPA plan. The number of RHIPA plan members receiving benefits was 1,276 as of June 30, 2015.

Both RHIA and RHIPA are closed to employees hired on or after August 29, 2003, who had not established membership prior to that date.

The RHIA and RHIPA defined benefit OPEB plans are reported separately under Other Employee Benefit Trust Funds in the fiduciary funds combining statements and as part of the Pension and Other Employee Benefit Trust in the fiduciary funds basic financial statements. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at:

http://oregon.gov/PERS/section/financial_reports/financials.shtml

Summary of Significant Accounting Policies

The financial statements for the PERS OPEB plans are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits are recognized in the month they are earned, and withdrawals are recognized in the month they are due and payable.

Plan investments are reported at fair value. See Note 1 for additional information about how the fair value of investments is determined.

Funding

Both of the OPEB plans administered by PERS are funded through actuarially determined employer contributions. For the biennium ending June 30, 2015, state agencies contributed 0.10 percent of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIA benefits. In addition, state agencies contribute 0.49 percent of all PERS-covered payroll to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities amortized over 20 years. The required employer contributions were approximately $11.7 million, $13.7 million, and $13 million for years ended June 30, 2015, 2014, and 2013, respectively. The actual contribution equaled the annual required contribution in each fiscal year. (See Note 15 for details concerning Tier One, Tier Two, and OPSRP membership in PERS.)

The funded status of the RHIA postemployment healthcare plan as of the most recent actuarial valuation date (in millions):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2014	$ 395.9	$ 468.4	$ 72.5	84.5%	$ 9,115.8	0.8%

For the biennium ending June 30, 2015, state agencies contribute 0.07 percent of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIPA benefits. In addition, state agencies contribute 0.20 percent of all PERS-covered payroll to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities amortized over 20 years. The required employer contributions of the State, as the primary government, were approximately $5.1 million, $6.2 million, and $3.4 million for the years ended June 30, 2015, 2014, and 2013, respectively. The actual contribution equaled the annual required contribution in each fiscal year. As noted previously, because certain discretely presented component units and related organizations contribute to the RHIPA plan, the contributions identified in the combining statement of changes in fiduciary net position exceed the State's required employer contributions.

The funded status of the RHIPA postemployment healthcare plan as of the most recent actuarial valuation date (in millions):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2014	$ 7.2	$ 70.5	$ 63.3	10.2%	$ 2,718.9	2.3%

Actuarial Methods and Assumptions

The PERS postemployment healthcare benefit obligation, including both RHIA and RHIPA, was determined as part of the actuarial valuation prepared by the PERS consulting actuary at December 31, 2014, using the entry age normal cost method. Significant assumptions used in the actuarial valuation include a 7.5 percent per annum rate of return on the investment of present and future assets and projected payroll growth of 3.5 percent, for both the RHIA and RHIPA plans. As a subcomponent of the payroll growth rate, both plans assume an increase in the consumer price index of 2.5 percent. The RHIPA plan uses a healthcare cost inflation adjustment graded from 7 percent in 2015 to 4.4 percent in 2094. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs. The unfunded actuarial accrued liability is being amortized as a level percentage of combined valuation payroll over a closed period of 10 years. The actuarial value of plan assets for both the RHIA and the RHIPA is equal to the assets' fair market value on the valuation date. Restricted net position held in trust for other postemployment benefits for RHIA and RHIPA at June 30, 2015, was $422.9 million and $8.8 million, respectively.

B. Public Employees Benefit Board

Plan Description

The State participates in a defined benefit postemployment healthcare plan administered by the Public Employees Benefit Board (PEBB). This plan offers healthcare assistance to eligible retired employees and their beneficiaries. Chapter 243 of the Oregon Revised Statutes gives the Board the authority to establish and amend the benefit provisions of the PEBB Plan. The PEBB Plan is considered a single-employer plan for financial reporting purposes, although certain discretely presented component units and related organizations, which are described in Note 1, do participate in the PEBB plan. As a result, the State reports only a portion of the overall net OPEB obligation under the primary government section of the Statement of Net Position. As of June 30, 2015, PEBB Plan members consisted of 49,679 active employees and 953 retired employees and beneficiaries receiving benefits. PEBB does not issue a separate, publicly available financial report.

The PEBB Plan allows qualifying retired employees to continue their "active" health insurance coverage on a self-pay basis until they are eligible for Medicare. Participating retirees pay their own monthly premiums. However, the premium amount is based on a blended rate that is determined by pooling the qualifying retirees with active employees, thus, creating an "implicit rate subsidy."

Summary of Significant Accounting Policies

The PEBB plan's implicit rate subsidy, if not fully funded, represents an obligation of the State, the net OPEB obligation. The overall net OPEB obligation for the year ended June 30, 2015, is $83.6 million. The primary government's share is $65.3 million and the collective discretely presented components' unit share is $18.3 million. The net OPEB obligation is allocated to the participating funds and entities based on their proportionate share of annual health insurance premium costs. The portion of the net OPEB obligation related to governmental activities is reported in the internal service funds balance sheet and the government-wide statement of net position; the portion related to business-type activities is reported in the proprietary funds balance sheet and the government-wide statement of net position. The portion related to fiduciary activities is reported in the statement of fiduciary net position.

Funding

The PEBB's funding policy provides for employer contributions in amounts sufficient to fund the cost of active employee health benefits, including the retiree rate subsidy, on a pay-as-you-go basis. Administrative costs of the PEBB Plan are financed by up to 2 percent of employer and plan member contributions. For the year ended June 30, 2015, retired plan members contributed $13.2 million through their required contributions. The average monthly contribution was $1,153. Active employees do not contribute to the plan.

The funded status of the PEBB postemployment healthcare plan as of the most recent actuarial valuation date (in millions):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2013	$ -	$ 105.1	$ 105.1	-	$ 2,485.8	4.2%

The schedule of funding progress, which is included in the required supplementary information that immediately follows the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The PEBB postemployment healthcare benefit obligation was determined as part of the actuarial valuation prepared by the PEBB consulting actuary at July 1, 2013, using the entry age normal cost method. The State's annual OPEB expense is based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. Significant assumptions used in the actuarial valuation include a 3.5 percent per annum rate of return on the investment of present and future assets and projected payroll growth of 3.5 percent. The plan uses a medical healthcare cost inflation adjustment of 3.58 percent in fiscal

year 2014, 5.9 percent in fiscal year 2015, 5.6 percent in fiscal year 2016, 6.9 percent in 2017, an average of 6.1 percent between fiscal years 2018 and 2042, and the rate grades down from 5.9 percent to 5.4 percent between fiscal years 2043 and 2063. The dental healthcare cost inflation adjustment was graded from 2.21 percent in fiscal year 2014 to 5 percent for all subsequent fiscal years. The plan's inflation assumption is 2.75 percent. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll using an open 15-year period.

For fiscal years ended June 30, 2015, 2014, and 2013, the components of the PEBB Plan's annual OPEB cost, the amounts actually contributed, and changes to the net OPEB obligation (in millions):

	June 30, 2015	June 30, 2014	June 30, 2013
Annual required contribution	$ 13.3	$ 12.8	$ 20.9
Interest on net OPEB obligation	2.8	2.6	2.3
ARC adjustment	(5.3)	(5.0)	(4.3)
Annual OPEB cost (expense)	10.8	10.4	18.9
Contributions made	(6.1)	(6.6)	(8.4)
Increase in net OPEB obligation	4.7	3.8	10.5
Net OPEB obligation - beginning of year	78.9	75.1	64.6
Net OPEB obligation - end of year	$ 83.6	$ 78.9	$ 75.1
Percent of annual OPEB cost contributed	56.5%	63.5%	44.4%

C. Using Actuarial Valuations

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective and include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

17. DEFERRED COMPENSATION PLANS

The Oregon Savings Growth Plan (OSGP) is a deferred compensation plan available to eligible state employees. Employee contributions are deposited into the Deferred Compensation Fund established by Oregon Revised Statute 243.411. To participate, an employee enters into an individual agreement with the State to defer current earnings to be paid at a future date. The Public Employees Retirement System (PERS) administers the plan. As trustee of the assets, PERS contracts with Voya Financial to maintain OSGP participant records. The Oregon State Treasury, as custodian of the assets, contracts with State Street Bank and Trust Company to provide financial services. PERS may assess a charge to participants not to exceed 2 percent on amounts deferred, both contributions and investment earnings, to cover cost incurred for administering the program. Actual charges to participants, including investment charges, for the year ended June 30, 2015, averaged 0.2 percent of amounts deferred.

Participants direct the selection of investment options and bear any market risk. Although the State has no liability for losses under the OSGP, the State does have the prudent investor responsibility of due care. Activity of the OSGP is reported under the Deferred Compensation Plan in the fiduciary funds combining financial statements. As of June 30, 2015, the fair value of the investments was $1.5 billion.

18. TERMINATION BENEFITS

Voluntary Early Retirement Plans

Oregon University System

Several individual universities within the Oregon University System offer various retirement incentives or voluntary tenure relinquishment programs. The liability for early retirement benefits is reported in contracts,

mortgages, and notes payable on the proprietary statement of net position under the University System Fund. The current and noncurrent portions of the liability are $218 thousand and $370 thousand, respectively. The amount of the liability was determined by calculating the present value of expected future benefit payments using discount rates ranging from 0.93 to 6 percent.

19. RISK FINANCING

A. Property, Liability, and Workers' Compensation Coverage for State Government

The Department of Administrative Services, Enterprise Goods and Services, Risk Management section (Risk Management) administers the State's property, liability, and workers' compensation insurance program. Risk Management has found it is more economical to manage the risk of loss internally and, therefore, minimizes the purchases of commercial insurance policies to the extent possible. The moneys set aside by Risk Management under Chapter 278 of the Oregon Revised Statutes are used to service the following risks:

- Direct physical loss or damage to State property
- Tort liability claims brought against the State, its officers, employees, or agents
- Inmate injury
- Worker's compensation
- Employee dishonesty
- Faithful performance bonds for key position as required by law and additional positions as determined by agency policy

Risk Management purchases commercial insurance for specific insurance needs not covered by self-funding. For example, the self-insured property and liability program is backed by an excess property policy with a limit of $400 million and a blanket commercial crime policy with a limit of $20 million. The amount of claim settlements did not exceed commercial insurance coverage for each of the past three fiscal years.

All State agencies, commissions, and boards participate in the self-insured property and liability program. Risk Management allocates the cost of claims and claims administration by charging an assessment to each State entity, based on its share of losses. Statewide risk charges are based on independent biennial actuarial forecasts and division expenses, less any available fund balance from the prior biennium.

Risk Management purchases workers' compensation insurance for the State from SAIF Corporation, a discretely presented component unit, utilizing retrospective paid loss plans. These plans are ten years in length and have cash flow and investment earnings advantages. The accumulated claim loss liability for the plans was approximately $76.2 million as of June 30, 2015. Independent actuaries determine biennial loss forecasts.

Periodically, Risk Management reevaluates claims liabilities taking into consideration recently settled claims, the frequency of claims, and other economic and social factors. Contracted actuaries estimate claims and allocated and unallocated expenses using the last 20 to 25 years of State claims experience and the projected numbers of employees, payroll, vehicles, and other property. Liabilities include an amount of claims and legal expenses that have been incurred but not reported and are discounted at an annual rate of 2 percent. The actuaries forecast ultimate losses by a line of coverage.

Changes in the balance of aggregate claims liabilities for the property, liability, and workers' compensation insurance program for the years ended June 30, 2015 and 2014 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2015	$ 147,340	$ 77,966	$ (49,657)	$ 175,649
2014	140,146	45,092	(37,898)	147,340

The June 30, 2015, balance of claims liabilities is included in claims and judgements payable on the combining statement of net position of internal service funds under Central Services.

B. State Self-insured Healthcare Plans

Chapter 243 of the Oregon Revised Statutes authorized the Public Employees' Benefit Board (PEBB) to establish and maintain medical, dental, and vision insurance plans for the benefit of PEBB members. Currently the State provides these benefits through five self-insurance plans.

PEBB is responsible for controlling expenditures, stabilizing benefit premium rates, and minimizing the risk of loss. Funds set aside in a stabilization fund may be used to offset any actual premium deficiencies in the self-funded plans. The reserve is considered adequate to cover catastrophic losses due to large claims in the self-insured plans, as well as unexpected increases in trend, utilization, or other potential fluctuations. PEBB has not purchased stop-loss coverage on any of the plans.

Contracted actuaries and consultants estimate the claims liability. Incurred but not reported expenses are estimated by using claims lag triangles from the plans to develop completion factors. For the most recent months, incurred claims are estimated based upon reviewing the most resent claims experience per employee and adjusting for trend and seasonality to the projection month. Since most of the claims will be paid out within the year, the estimated amounts are not discounted. Specific adjustments for subrogation or other anticipated recoveries are not included. Overall, these adjustments are not expected to be significant.

In calendar year 2014, settlements exceeded coverage for the vision plan. The amount of claims for the medical and dental plans did not exceed the self-insured coverage for the past three years.

Changes in the balance of aggregate claims liabilities for the self-insured healthcare plans for the years ended June 30, 2015 and 2014 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2015	$ 66,518	$ 595,043	$ (597,698)	$ 63,863
2014	66,537	555,991	(556,010)	66,518

The June 30, 2015, balance of claims liabilities is included in claims and judgements payable on the combining statement of net position of internal service funds under Health Services.

C. Supplemental Workers' Compensation Insurance

The Department of Consumer and Business Services operates several supplemental workers' compensation benefit programs. These programs are accounted for in special revenue funds. The primary program is the Retroactive Program, established by Oregon Revised Statute 656.506. It provides increased insurance benefits to claimants or their beneficiaries when current payment requirements exceed benefits in effect at the time of injury.

The Department of Consumer and Business Services determines the funding of supplemental workers' compensation insurance programs through cash flow projections based on historical data and economic forecasts. Employer work hour assessments, contributions by employees, workers' compensation insurance premium assessments, and investment and interest earnings pay for the programs. Long-term liabilities were actuarially computed as of June 30, 2015, using a 4 percent discount rate.

Changes in the balance of aggregate claims liabilities for supplemental workers' compensation insurance for the years ended June 30, 2015 and 2014 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2015	$ 967,551	$ 24,078	$ (85,169)	$ 906,460
2014	980,753	75,441	(88,643)	967,551

The June 30, 2015, balance of claims liabilities is included in claims and judgements payable on the government-wide statement of net position under governmental activities.

D. Oregon University System

Oregon University System (OUS) participates in a pooled risk management fund managed by the Public University Risk Management and Insurance Trust (Trust). The Trust is a separate legal entity which operates for the benefit of the participating universities. By participating, OUS transfers the following risk to the Trust:

- Real property loss for university owned building, equipment, automobiles and other types of property
- Tort liability claims brought against OUS, its officers, employees or agents
- Workers' compensation and employers liability
- Crime, Fiduciary
- Specialty lines of business including marine, medical practicums, international travel, fine art, aircraft, camps, clinics and other items.

The universities retain risk for losses under $5 thousand, which is the deductible per claim for insurance purchased through the Trust.

The Trust is backed by commercial policies, an excess property policy with a limit of $500 million, and a blanket commercial excess bond with a limit of $50 million. The Trust purchases commercial insurance for claims in excess of coverage provided by the self-insurance program and for all other risk of loss.

OUS is charged an assessment to cover the Trust's cost of servicing claims and payments based on the Risk Allocation Model and actuarial estimates of the amounts needed to pay prior and current-year claims.

E. Standard Retiree Health Insurance Account

Chapter 238 of the Oregon Revised Statues authorizes the Public Employees Retirement System (PERS) to contract with health insurance carriers to provide health care insurance for eligible retired members of PERS. The Standard Retiree Health Insurance Account (SRHIA) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported (IBNR). The estimated claims liability is calculated by contracted health insurance consultants using a variety of actuarial and statistical techniques and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The estimated claims liability of $14.8 million is carried at its face amount, and no interest discount is assumed.

Changes in the balance of aggregate claims liabilities for the standard retiree health insurance account for the years ended June 30, 2015 and 2014 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2015	$ 14,492	$ 212,210	$ (211,904)	$ 14,798
2014	14,090	175,413	(175,011)	14,492

The June 30, 2015, balance of claims liabilities for SRHIA is included in claims and judgements payable on the statement of net position of proprietary funds under Other.

F. SAIF Corporation Workers' Compensation Insurance

The Legislature created SAIF Corporation (SAIF) to transact workers' compensation insurance and reinsurance business. SAIF is an independent public corporation, a discretely presented component unit of the State, and the largest workers' compensation insurer in Oregon.

SAIF has established a reserve for both reported and unreported insured events, which includes estimates of future payments of losses and related loss adjustment expenses. In estimating the reserve for loss and loss adjustment expense, SAIF considers prior experience, industry information, currently recognized trends affecting data specific to SAIF, and other factors related to workers' compensation insurance underwritten by SAIF.

The reserve for losses and loss adjustment expense decreased $79.3 million in calendar year 2014, which was net of favorable development of $256.7 million. Loss reserves decreased $89.8 million. The loss reserves for the 2014 accident year were offset by favorable loss reserve development in prior accident years. The favorable development was attributed to permanent total disability and permanent partial disability medical loss reserves. The key drivers were a decrease in the tail factor and the continuing downward trend in medical severity. The observed medical escalation rate for 2014 was well below the assumption. Indemnity loss reserves experienced unfavorable development as indemnity costs for recent accident years were higher than expected. Loss adjustment expense reserves increased $10.5 million. The favorable development was largely attributed to the overall reduction in reserves.

SAIF discounts the indemnity reserves for known unpaid fatal and permanent total disability losses on a tabular basis, using a discount rate of 3.5 percent. SAIF does not discount any incurred but not reported reserves, medical unpaid losses, or unpaid loss adjustment expense. The gross reserve subject to tabular discounting for calendar year 2014 was $269.1 million. The related discount was $95.1 million as of December 31, 2014.

Anticipated salvage and subrogation of $33.2 million was included as a reduction of the reserve for loss and loss adjustment expense at December 31, 2014.

SAIF's exposure to asbestos claims arose from the sale of workers' compensation policies. As of December 31, 2014, SAIF had provided reserves of $20.6 million for loss and loss adjustment expense related to asbestos claims.

Changes in the balance of the liability for loss and loss adjustment expense related to workers compensation insurance underwritten by SAIF for 2014 and 2013 (in thousands):

Calendar Year	Beginning Balance	Incurred Losses and Loss Adjustment Expenses	Adjustment Expense Payments	Ending Balance
2014	$ 3,041,375	$ 270,861	$ (350,173)	$ 2,962,063
2013	3,052,611	316,818	(328,054)	3,041,375

This liability is reported as the reserve for loss and loss adjustment expense on the statement of net position of discretely presented component units under SAIF Corporation.

20. DISCOUNTS AND ALLOWANCES IN PROPRIETARY FUNDS

Proprietary fund revenues are reported net of discounts and allowances in the accompanying financial statements. Discounts and allowances in proprietary funds for the year ended June 30, 2015 (in thousands):

Proprietary Funds	Type of Revenue	Amount
Lottery Operations	Sales	$ 2,813
Unemployment Compensation	Fines and forfeitures	42
University System	Charges for services	33,452
University System	Sales	3,220
Nonmajor Enterprise Funds	Sales	6,516
Internal Service Funds	Other	12
Total discounts and allowances		$ 46,055

21. FUND EQUITY

A. Net Position Restricted by Enabling Legislation

The following schedule summarizes the State's net position at June 30, 2015, that is restricted by enabling legislation (in thousands). All of the legislative restrictions are in governmental activities.

	Restricted Net Position
Expendable Net Position Restricted for:	
Health and social service programs	$ 234,559
Public transportation programs	40,305
Natural resource programs	80,698
Education	324,355
Community protection	14,393
Consumer protection	88,148
Employment services	127,108
Residential assistance	78,229
Other programs	24,047
Nonexpendable Net Position Restricted for:	
Education	900
Residential assistance	10,747
Workers' compensation	250
Total net position restricted by enabling legislation	$ 1,023,739

B. Changes to Beginning Fund Balance

As of June 30, 2015, the beginning fund balance were restated as follows (in thousands):

	Beginning Balance	Prior Period Adjustments	Accounting Changes	Beginning Balance-Restated
Governmental funds and activities				
General	$ 769,273	$ 211,842	$ -	$ 981,115
Health and Social Services	330,591	(188,982)	-	141,609
Public Transportation	835,884	(7)	-	835,877
Environmental Management	820,441	3,582	-	824,023
Common School	1,190,529	(1,458)	-	1,189,071
Other (nonmajor)	1,607,589	118,495	-	1,726,084
Capital assets, net of depreciation	12,595,904	77,678	-	12,673,582
Other noncurrent assets	1,478,474	-	(1,478,400)	74
Noncurrent liabilities	(8,897,408)	16,593	(784,634)	(9,665,449)
Deferred Inflows and Outflows of Resources	1,108,370	-	150,334	1,258,704
Internal service funds	559,994	(1,384)	(56,291)	502,319
Total governmental funds and activities	$ 12,399,641	$ 236,359	$ (2,168,991)	$ 10,467,009

	Beginning Balance	Prior Period Adjustments	Accounting Changes	Beginning Balance-Restated
Proprietary funds and business-type activities				
Housing and Community Services	$ 202,554	$ 3	$ (1,020)	$ 201,537
Lottery Operations	205,313	-	(8,216)	197,097
Unemployment Compensation	2,398,715	(136,101)	-	2,262,614
University System	1,560,491	-	(27,499)	1,532,992
Other (nonmajor)	1,237,527	86	(57,409)	1,180,204
Internal service funds adjustment	30,968	-	-	30,968
Total proprietary funds and business-type activities	$ 5,635,568	$ (136,012)	$ (94,144)	$ 5,405,412

	Beginning Balance	Prior Period Adjustments	Accounting Changes	Beginning Balance-Restated
Fiduciary funds				
Pension and Other Employee Benefit Trust	$ 73,728,185	$ -	$ -	$ 73,728,185
Private Purpose Trust	26,841	18,102	-	44,943
Investment Trust	5,246,025	-	-	5,246,025
Total fiduciary funds	$ 79,001,051	$ 18,102	$ -	$ 79,019,153

Significant prior period adjustments were made in three governmental funds, the governmental activities and one proprietary fund during the year. Due to revenues and expenses being recognized in the incorrect period, the General Fund reported adjustments totaling $211.8 million. In the Health and Social Services Fund, an adjustment of $189 million was made to correct expenditures and revenues that were recognized in the incorrect period. Prior to fiscal year 2015, activities related to certain federal unemployment insurance programs were recognized within the Unemployment Compensation Fund, a major enterprise fund. During the year, the State became aware that these programs should be reported in the Employment Services Fund, a nonmajor governmental fund. As a result, both funds reported a prior period adjustment of $117 million to reflect the movement of the balances related to these programs from the Unemployment Compensation Fund to the Employment Services Fund. In addition, several agencies made corrections to their capital asset balances, due to erroneously expensing the acquired assets in prior years. Among the corrections were $57.9 million to capitalize a medical enrollment system and $30 million to capitalize costs associated with the State Radio Project.

All accounting changes reported in the governmental activities and the proprietary funds and business-type activities are the result of implementing GASB Statement Nos. 68 and 71. These statements established standards for measuring and recognizing pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses.

C. Fund Balances-Governmental Funds

The following table displays in detail the June 30, 2015, fund balances that are reported in the aggregate on the governmental funds balance sheet (in thousands):

Fund balances	General	Health and Social Services	Public Transportation	Environmental Management	Common School	Other	Total
Nonspendable:							
Not in spendable form	$ 20,120	$ 872	$ 36,774	$ 9,697	$ -	$ 3,287	$ 70,750
Required to be maintained intact	19	52	40	253	-	17,254	17,618
Restricted for:							
Public health and welfare	-	409,019	-	-	-	-	409,019
Roads and bridges	-	-	612,592	-	-	-	612,592
Conservation and natural resources	81,912	-	-	779,038	-	-	860,950
K-12 Education	-	-	-	-	1,193,803	200,788	1,394,591
Education stabilization	-	-	-	-	-	203,294	203,294
Community protection	950	-	-	-	-	123,403	124,353
Licensing and regulation	-	-	-	-	-	88,089	88,089
Employment related programs	-	-	-	-	-	238,224	238,224
Low income housing assistance	-	-	-	-	-	167,963	167,963
Debt service	-	-	-	-	-	285,904	285,904
Capital projects	-	-	-	-	-	48,562	48,562
Other purposes	275,922	-	-	-	-	101,610	377,532
Committed to:							
Public health and welfare	-	119,698	-	-	-	-	119,698
Conservation and natural resources	-	-	-	37,884	-	-	37,884
Education	-	-	-	-	-	17,737	17,737
Business development	-	-	-	-	-	36,952	36,952
Community protection	-	-	-	-	-	94,253	94,253
Licensing and regulation	-	-	-	-	-	32,162	32,162
Employment related programs	-	-	-	-	-	111,993	111,993
Low-income housing assistance	-	-	-	-	-	162,554	162,554
Stabilization	199,963	-	-	-	-	-	199,963
Other purposes	26,118	-	-	-	-	1,054	27,172
Assigned to:							
Conservation and natural resources	-	-	-	7,277	-	-	7,277
Education	-	-	-	-	-	3,397	3,397
Community protection	-	-	-	-	-	3,075	3,075
Employment related programs	-	-	-	-	-	3,023	3,023
Other purposes	5,164	-	-	-	-	7,672	12,836
Unassigned:	675,921	(3,747)	-	-	-	(41)	672,133
Total fund balances	$ 1,286,089	$ 525,894	$ 649,406	$ 834,149	$1,193,803	$1,952,209	$6,441,550

Nonspendable fund balances include inventories and prepaid items, which are not in spendable form, and fund balances associated with the corpus of revolving funds and permanent fund principal, which are legally or contractually required to be maintained intact.

Restricted fund balances result from constraints imposed on net position by law through constitutional provisions or enabling legislation or by parties outside the State, such as creditors, grantors, contributors, or laws or regulations of other governments. Enabling legislation authorizes the State to levy, access, charge, or otherwise mandate payment from external resource providers and includes a legally enforceable requirement that those resources be used only for specific purposes stipulated by the legislation.

Committed fund balance results from constraints imposed by bills passed by the Legislature and signed into law by the Governor. The constraints on the use of resources are separate from the authorization to raise the underlying revenue and may be modified or rescinded only be passing additional legislation.

Assigned fund balance represents amounts that are constrained by the State's intent to use them for specific purposes, which are neither restricted nor committed. Intent is expressed by the Legislature via the budget process when there is no legislation other than a budget bill imposing constraints.

D. Deficit Net Position

The Energy Loan Fund, a nonmajor enterprise fund, reports a deficit net position of $19.2 million as of June 30, 2015.

E. Stabilization Arrangements

Oregon maintains two stabilization funds – the Oregon Rainy Day Fund and the Education Stability Fund.

Established by the 2007 legislature, the Oregon Rainy Day Fund is funded from the General Fund's ending balance up to 1 percent of General Fund appropriations for the prior biennium. The Legislature may deposit additional funds as it did to create the fund, using surplus corporate income tax revenues from the 2005-07 biennium. The Rainy Day Fund also earns interest on the moneys in the fund. Fund balance is capped at 7.5 percent of General Fund revenues in the prior biennium.

Stabilization amounts in the Oregon Rainy Day Fund may be spent if approved by three-fifths of the members of the Legislative Assembly and one of the following conditions exists:

- The last quarterly economic and revenue forecast for a biennium indicates that moneys available to the General Fund for the next biennium will be at least 3 percent less than appropriations from the General Fund for the current biennium;
- There has been a decline for two or more consecutive quarters in the last 12 months in seasonally adjusted nonfarm payroll employment; or
- A quarterly economic and revenue forecast projects that revenues in the General Fund in the current biennium will be at least 2 percent below what the revenues were projected to be in the revenue forecast on which the legislatively adopted budget for the current biennium was based.

For any one biennium, the Legislative Assembly may not appropriate more than two-thirds of the amount that is in the Oregon Rainy Day Fund at the beginning of the biennium. If the appropriation is for a biennium that has not yet begun, the Legislative Assembly may use as the base the most recent estimate of the amount that will be in the Oregon Rainy Day Fund at the beginning of the biennium for which the appropriation is made. The fund balance of the Oregon Rainy Day Fund as of June 30, 2015, was $200 million.

The Education Stability Fund is authorized in the Oregon Constitution, Article XV, Section 4, part (4)(d), requires that 18 percent of net lottery proceeds be deposited in the fund. Earnings on moneys in the fund are retained by the fund or continuously appropriated to finance public education under Oregon Revised Statute 348.696. The balance in the fund may not exceed 5 percent of General Fund revenues of the prior biennium.

Amounts in the Education Stability Fund may be spent under the same conditions as those required for spending moneys in the Oregon Rainy Day Fund. However, if none of the conditions is met, the Education Stability Fund can also be used by the Legislature for public education. The Governor must declare an emergency and the expenditure must be approved by a three-fifths majority in each chamber. The fund balance of the Education Stability Fund as of June 30, 2015, was $203.3 million.

22. NONEXCHANGE FINANCIAL GUARANTEES

Article XI-K of the Oregon Constitution allows the State to guarantee the general obligations bonded indebtedness of school districts, education service districts, and community college districts, in order to secure lower interest costs on general obligation bonds of such districts, without receiving equal or approximately equal value in exchange. Payment of the principal and interest on the bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 to 328.356. The amount of debt that the State may incur in honoring its guaranty of school bonds may not exceed, at any one time, one-half of one percent of the real market value of all taxable property in the State. School districts, education service districts, and community college districts are entities legally separate from the State.

To apply and qualify for the Oregon School Bond Guaranty certificating, districts must provide comprehensive information to the Debt Management Division of the Oregon State Treasury. After application approval, no additional information is required to be provided to the Debt Management Division, except when a school district knows it will not make scheduled payments on the State guaranteed general obligation bonds it has issued. The district is then required to notify the trustee of the general obligation bonds and the Debt Management Division 15 days prior to the scheduled payment. The qualifying certification analysis threshold is less than or equal to 20 percent coverage risk, and throughout the program's history, no district has ever defaulted.

If one or more payments are made by the State, as provided for in the Oregon School Bond Guaranty Act, the Oregon State Treasurer shall pursue recovery from the district of all moneys necessary to reimburse the State. In seeking recovery, the State Treasurer may (i) intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund and any other source of operating moneys provided by or through the State to the district that issued the bonds that would otherwise be paid to the district by the State and (ii) apply any intercepted payments to reimburse the State for payments made pursuant to the State's guaranty until all obligations of the district to the State arising from those payments, including any interest and penalties, are paid in full.

At June 30, 2015, the State had extended nonexchange financial guarantees of $4.7 billion for outstanding general obligation indebtedness of school districts, education service districts, and community college districts. The longest current guaranty is for outstanding general obligation bonds that mature June 15, 2046.

23. GOVERNMENT COMBINATIONS AND DISPOSALS OF GOVERNMENT OPERATIONS

A. State Fair Council

On January 1, 2015, the State transferred the operations of the Oregon State Fair and Exposition Center (State Fair) to the newly formed State Fair Council, a public corporation, which is charged with creating a sustainable business model for the State Fair that can capitalize on sponsorships, rapidly changing market conditions, and streamlined contracting and employment practices. The State has retained the real property located at the fairgrounds, but has entered into a lease agreement with the State Fair Council for its use of the fairground property and facilities. As a result of the transfer, the State recognized a loss of $3.1 million, reported as a special item in the Environmental Management Fund, a major governmental fund. Prior to the transfer, the State recognized current year revenues of $974 thousand and expenditures of $2.1 million from State Fair operations.

The State Fair Council will be included as a discretely presented component unit of the State in the June 30, 2016 Comprehensive Annual Financial Report. As disclosed in Note 1, the State Fair Council has a fiscal year that ends December 31, resulting in financial information for the State Fair Council being unavailable for the State's June 30, 2015, Comprehensive Annual Financial Report.

B. Independent Universities

The Legislative Assembly established a pathway for the seven Oregon University System (OUS) member universities to become legally separate entities with the passage of Senate Bill 270 in 2013. As of July 1, 2014, Oregon State University (OSU), Portland State University (PSU), and the University of Oregon (UO) became legally separate from OUS, and as disclosed in Note 1, these institutions are now considered discretely presented component units. As a state agency of the State of Oregon, some assets were held centrally by OUS. These assets, which included real and personal property, were distributed to the three former member universities on or before the June 30, 2015. All bonded and certificate of participation (COP) debt associated with OSU, PSU and UO will continue to be reported as a liability by the State. For certain issuances, the State has entered into a debt management agreement with OSU, PSU and UO, requiring each institution to pay the principal and interest related to those issuances to the State, which the State will use to meet the debt service requirements of the bonded and COP debt. As a result of the transfer, the State recognized a loss of $2 billion, reported as a special item in the University System Fund, a major enterprise fund.

Discretely Presented Component Units

Oregon State University: Due to the transfer of university operations from OUS as previously described, OSU recognized the following amounts as of July 1, 2014 (in thousands):

Assets	
Current Assets	$ 239,887
Noncurrent Assets	155,809
Capital Assets, Net	890,467
Total Assets	1,286,163
Deferred Outflows of Resources	8,174
Liabilities	
Current Liabilities	156,013
Noncurrent Liabilities	441,965
Total Liabilities	597,978
Net Position	
Net Investment in Capital Assets	535,206
Restricted - Nonexpendable	4,377
Restricted - Expendable	114,790
Unrestricted	41,986
Total Net Position	$ 696,359

Portland State University: Due to the transfer of university operations from OUS as previously described, PSU recognized the following amounts as of July 1, 2014 (in thousands):

Assets	
Current Assets	$ 144,275
Noncurrent Assets	36,782
Capital Assets, Net	463,164
Total Assets	644,221
Deferred Outflows of Resources	8,072
Liabilities	
Current Liabilities	84,222
Noncurrent Liabilities	257,029
Total Liabilities	341,251
Net Position	
Net Investment in Capital Assets	229,346
Restricted - Nonexpendable	1,285
Restricted - Expendable	45,142
Unrestricted	35,269
Total Net Position	$ 311,042

University of Oregon: Due to the transfer of university operations from OUS as previously described, UO recognized the following amounts as of July 1, 2014 (in thousands):

Assets	
Current Assets	$ 295,261
Noncurrent Assets	207,023
Capital Assets, Net	1,240,807
Total Assets	1,743,091
Deferred Outflows of Resources	3
Liabilities	
Current Liabilities	173,213
Noncurrent Liabilities	629,750
Total Liabilities	802,963
Net Position	
Net Investment in Capital Assets	706,832
Restricted - Nonexpendable	7,422
Restricted - Expendable	113,846
Unrestricted	112,031
Total Net Position	$ 940,131

24. COMMITMENTS

The State has significant commitments as of June 30, 2015, in addition to the construction contract commitments disclosed in Note 6. Commitments are defined as existing arrangements to enter into future transactions or events, such as contractual obligations with vendors for future purchases or services at specified prices and sometimes at specified quantities. Commitments may also include agreements to make grants and loans.

Commitments in effect as of June 30, 2015, and the anticipated sources of funding (in thousands):

Purpose	General Funds	Federal Funds	Lottery Funds	Other Funds	Total
Community services contracts	$ 161,099	$ 91,068	$ 4,581	$ 39,738	$ 296,486
Grant & loan commitments	40,670	179,770	52,493	248,251	521,184
Personal services contracts	135,071	107,478	1,453	72,047	316,049
Public defense contracts	44,747	-	-	-	44,747
Systems development	14,834	7,815	-	12,220	34,869
Equipment purchases	1	51	30,190	209	30,451
Total commitments	$ 396,422	$ 386,182	$ 88,717	$ 372,465	$ 1,243,786

The Oregon Investment Council has entered into agreements that commit the investment manager for the Oregon Public Employees Retirement Fund (OPERF) and the Common School Fund (CSF), upon request, to make additional investment purchases up to a predetermined amount. The Oregon Growth Account (OGA) Board makes similar commitments for investment purchases. As of June 30, 2015, the OPERF had $8.8 billion in commitments to purchase private equity investments, $2.5 billion to purchase real estate investments, $685.7 million to purchase Opportunity Fund investments, and $1.7 billion to purchase Alternative Equity portfolio investments. As of June 30, 2015, the CSF and OGA had $101 million and $19.2 million, respectively, in commitments to purchase private equity investments. These amounts are unfunded and are not recorded in the financial statements.

25. CONTINGENCIES

A. Litigation

Portland Harbor Superfund

Two state agencies are involved in negotiations related to a confidential, non-judicial mediation process that will result in an allocation of costs associated with the investigation and cleanup of sediment contamination in the Portland Harbor, a ten-mile stretch of the lower Willamette River area that the U.S. Environmental Protection Agency (EPA) has listed as a Superfund site under the federal Superfund law (CERCLA). Over 200 parties, private companies and public entities, may eventually be found liable for a share of the costs related to investigation and cleanup of the site.

The Oregon Department of Transportation (ODOT) and the Oregon Department of State Lands (DSL) have received General Notice Letters from the EPA informing them that the State, by and through those agencies, is a potentially responsible party (PRP) under CERCLA for cleanup costs at the site. It is too early in the process to estimate the total amount of the cleanup costs that will be shared by liable parties. A draft feasibility study outlines eleven alternative options, ranging in costs from $269 million to $1.8 billion. It is also too early to estimate the proportionate share of the liability for cleanup costs, if any, that may ultimately be assessed against either of the State agencies. When the mediation will end is not known but it could be as late as 2019.

The Portland Harbor Superfund will also involve a separate allocation of liability for injuries to natural resources caused by contamination at the site, which is an additional type of recovery under the Superfund law known as natural resource damages (NRD). The NRD claim will be asserted against all PRPs, including ODOT and DSL, by the Portland Harbor natural resource trustees, a group composed of five tribes, two federal agencies, and the State. The trustees have initiated a cooperative injury assessment process funded by thirty parties including the State. The NRD process will result in an allocation of liability for NRD damages at the same time as the allocation of liability for remedial costs, although parties may alternatively elect to seek an earlier settlement with the trustees. It is too early to estimate what, if any, share of the liability the State may ultimately bear for natural resource damages.

The State is pursuing claims for insurance coverage of its Portland Harbor defense costs and any future liabilities for cleanup costs and natural resource damages. These claims are based on insurance policies the State held from 1968 to 1972, and policies that listed DSL as an additional insured. These insurance carriers have agreed to participate in funding the State's defense in Portland Harbor proceedings, but have reserved their rights to deny indemnity coverage. The State plans to pursue its rights to indemnity coverage under these policies.

Community Mental Health Programs

The State is engaged in discussions with the United States Department of Justice (USDOJ) concerning the State's community mental health programs. The USDOJ is conducting an ongoing investigation to determine if the State has complied with the federal Americans with Disabilities Act. In November 2012, the State and USDOJ have entered into a four-year agreement, under which the State will, among other things, share data and will discuss system gaps and outcome measures that could be adopted by the State. The State and USDOJ have completed year two of the four-year term. Either party has the right to opt out of the agreement if it is dissatisfied with the process. The State expects that if the USDOJ were to subsequently determine that there are violations of federal law, the USDOJ will issue written findings that specify the nature of any violations. At that time, the State will be in a better position to estimate the costs to remedy any asserted violations. It is possible that the costs of changes, if any, to the State's community mental health programs could reach or exceed $50 million.

Foster Home Cases

Complaints have been filed against the Oregon Department of Human Services, and a number of its employees, on behalf of at least 16 children who were placed in foster care between 2007 and 2011. The children were generally medically fragile or had other special needs. The plaintiffs have filed an action in federal court based on alleged violations of federal civil rights and other laws. The plaintiffs have also filed actions in the State Circuit Court that may be stayed while the plaintiffs pursue their action in federal courts. Plaintiffs seek awards for damages based on abuse of a vulnerable person that may be trebled to as much as $77 million, as well as additional economic and noneconomic damages and an award of attorney fees and costs. The parties are in

the midst of discovery. It is too early in the case to evaluate the likelihood of the success of the plaintiffs' claims or whether any damages ultimately would be awarded. It is likely, however, that if the plaintiffs prevail, any damages awarded by the court would be paid from the State's Insurance Fund (a self-insurance fund), rather than through an appropriation from the General Fund.

Cover Oregon

In 2011, the State hired a private contractor, Oracle America, Inc. (Oracle), both to modernize its human service system and develop the website through which Oregonians would shop for and obtain the insurance coverage required under federal law. In early 2013, the State transitioned the development of the health insurance exchange website to Cover Oregon, a statutorily-created public corporation charged with implementing and running the health insurance exchange. On October 1, 2013, when the website was to be fully operational for the public, it did not work. Despite further efforts, and payments to Oracle by the State and Cover Oregon of $240 million for Oracle products and services, the website has never launched to the public. On April 25, 2014, the Cover Oregon Board voted to move to the federal website for certain services. In November 2014, Cover Oregon completed the transition to the federal website. In addition, the State's project to modernize its social service system was also placed on hold in 2013.

As a result of the failure of the website to become fully functional and failure of the modernization of the social services systems, the State and Cover Oregon have sued Oracle in state court for multiple claims of relief. In addition, Oracle has sued Cover Oregon and the State in federal court claiming breach of contract and copyright violations, among other claims for relief.

Litigation is ongoing, and may be a lengthy process. If the State does not prevail in this litigation, it is possible that money will be owed to Oracle, including at least $23 million that Oracle claims Cover Oregon has not paid. The Legislative Assembly dissolved Cover Oregon effective June 30, 2015, and the State by and through the Department of Consumer and Business Affairs has substituted for Cover Oregon in the litigations with Oracle.

Further, the federal Government Accountability Office and several Congressional committees have indicated that they intend to investigate the development of health insurance exchanges by a number of states, including Oregon. Also, the United States Grand Jury for the District of Oregon issued subpoenas to the State and Cover Oregon in connection with an investigation into the use of federal funds on the health exchange project. It is possible that the federal government could determine that certain expenditures for Oregon's health insurance exchange were improper. If that occurred, it is possible the federal government would seek repayment from the State of any disallowed amounts up to the full amount the federal government paid the State, approximately $300 million. It is too early, however, to know what the investigation will find, if the federal government would take any action as a result of the investigation or the nature of any action the federal government might take.

Lane v. Brown

Lane is a certified class action in federal court under the federal Americans with Disabilities Act and Rehabilitation Act concerning the type of employment services the State funds for individuals with intellectual and developmental disabilities, in particular work performed in sheltered workshops that employ primarily persons with disabilities. The USDOJ has intervened on behalf of the class. The case was set for trial in December 2015, but the parties have entered into a proposed settlement agreement, that must be approved by the court. If approved, the agreement would require the State to achieve certain employment related goals and to implement a previous Executive Order issued by the Governor under which the State would continue its efforts to reduce the number of people working in sheltered workshops. The State has estimated that, if the court entered an injunction with terms similar to those contained in a consent decree that USDOJ obtained in a similar case against another state, the cost of compliance paid from the State's General Fund could be up to $300 million over the next nine years. Initial estimates for costs to implement the Governor's Executive Order have been budgeted for the current 2015-17 biennium. Costs to implement the agreement in future biennia are difficult to estimate due, in part, to changes in federal laws that may require additional changes to the affected program.

Columbia River Crossing

The Interstate 5 (I-5) Columbia River Crossing (CRC) project (the CRC Project) was a multimodal project focused on improving safety, reducing congestion, and increasing mobility of motorists, freight traffic, transit riders, bicyclists, and pedestrians within the I-5 corridor connecting the states of Oregon and Washington. The Oregon Department of Transportation (ODOT) and the Washington State Department of Transportation

(WSDOT) worked together on the development of the CRC Project with the involvement of various federal agencies and many local governments in both states.

During its 2013 legislative session, the Oregon Legislative Assembly enacted House Bill 2800 (HB 2800), which among other things, set out the State's commitment to finance its share of the CRC Project costs contingent upon the State of Washington also providing funding for the Project. In June 2013, the Washington State legislature adjourned without providing a transportation revenue package that included construction funding for the CRC Project. The Oregon and Washington legislatures also adjourned in March 2014 without providing construction funding for the CRC project. Without the necessary funding and legislative amendments in place to move the CRC Project to construction, the Department shut the CRC Project down in May 2014.

ODOT expended approximately $105 million on the CRC Project of which $12 million were from State funds and $93 million from Federal funds. Under Federal Highway Administration (FHWA) policy, failure to advance the project from environmental work and design into right of way acquisition within 10 years of the initial obligation of funds could trigger a requirement to repay Federal funds used on the project. However, FHWA regulations also allow for a time extension with no repayment of Federal funds if an extension is requested and FHWA considers the request to be reasonable. Currently, FHWA has granted Oregon and Washington an extension of the requirement to repay Federal funds until 2019. ODOT has subsequently requested an additional extension until 2022 and continues discussions with FHWA regarding the I-5 bridge replacement and Federal funds repayment timing and amounts, if any.

B. Unemployment Benefits

State employees who qualify are entitled to benefit payments during periods of unemployment. Each state agency is required to reimburse the Employment Department for benefit payments made to former employees. The amount of future benefit payments to claimants and the resulting liability to the State cannot be reasonably estimated. Consequently, this potential obligation is not reported in the accompanying financial statements. Expenditures relating to these benefits for the year ended June 30, 2015, totaled approximately $11 million.

C. Federal Issues

The State receives significant financial assistance from the federal government. Entitlement to these resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2015, there is no indication that such audits will result in a material liability.

26. SUBSEQUENT EVENTS

A. Long-term Debt Issues

Long-term debt issued, including refundings, since July 1, 2015 (in thousands):

Type of Debt	Amount
General Obligation Bonds	
Department of Veterans' Affairs	$ 59,355
Revenue Bonds	
Housing and Community Services Department	121,440

B. Bond Calls

Bond calls that have occurred since July 1, 2015 (in thousands):

Type of Call	Amount
General Obligation Bonds	
Department of Veterans' Affairs	$ 29,875
Revenue Bonds	
Housing and Community Services Department	148,240
Oregon Business Development Department	655

C. Interest Rate Swaps

On July 1, 2015, the Oregon Housing and Community Services Department (OHCSD) terminated notional amounts of swaps related to the Mortgage Revenue Bonds listed below (dollars in thousands). These terminations were made pursuant to optional par termination provisions included in each of the swap agreements.

Bond Series	Notional Amount
2006 Series C	$ 1,100
2006 Series F	2,395
2007 Series E	950
2007 Series H	1,100
2008 Series C	1,400
2008 Series F	1,500

Effective July 31, 2015, OHCSD and Morgan Stanley Capital Services negotiated a discretionary early cancellation of the remaining $15.3 million of the Mortgage Revenue Bond 2006 Series C swap. OHCSD paid Morgan Stanley Capital Services a termination payment of $413 thousand on August 3, 2015.

D. Tax Anticipation Notes Issuance

On October 1, 2015, the State issued $600 million of full faith and credit Tax Anticipation Notes, 2015 Series A. The proceeds of these notes will be used to meet seasonal cash needs of the State and for cash management purposes within the 2015-2017 biennium.

E. Debt Guarantees

Under Article XI-K of the Oregon Constitution, $198.7 million in bonds for school districts (SD) were issued and guaranteed following the fiscal year ended June 30, 2015, as noted below (dollars in thousands). Ultimately, the debt service payments remain the responsibility of the respective school district.

School District	Series	Amount
Multnomah County SD 40 (David Douglas)	2015	$ 14,630
Marion County SD 45 (St Paul)	2015	8,090
Multnomah County SD 7 (Reynolds)	2015A	82,885
Lane County SD 79 (Marcola)	2015	7,445
Blue Mountain Community College	2015	23,000
Marion County SD 103 (Woodburn)	2015	62,605
Total debt guarantees		$ 198,655

F. Oregon University System Structure Changes

Senate Bill (SB) 270 was passed by the Oregon Legislature during fiscal year 2013, providing pathways for Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, and Western Oregon

University to become independent public bodies, legally separate from Oregon University System with their own governing boards. Effective July 1, 2015, each public university will be a stand-alone legal entity. Each university will continue to be included as a discretely presented component unit in the Comprehensive Annual Financial Report issued by the State. The Chancellor's Office ceased operations on June 30, 2015.

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Required Supplementary Information

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Budgeted Appropriated Funds

The State accounts for budgetary activities based on the source of moneys used to pay expenditures. Separate appropriated funds are established for each funding source.

General Fund

This fund accounts for expenditures made with general fund revenue. General fund revenue consists largely of personal and corporate income taxes.

Federal Funds

This fund accounts for budgeted expenditures made with federal revenue.

Lottery Funds

This fund accounts for expenditures made with lottery funds. These funds, which are earned by the State Lottery, are transferred to the Economic Development Fund at the Department of Administrative Services for disbursement to agencies where the funds are expended.

Other Funds

This fund accounts for budgeted expenditures other than those funded by general, federal, and lottery funds.

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis -
All Budgeted Appropriated Funds
For the Biennium Ending June 30, 2015
(In Thousands)

	General Fund				
	2013-2015 Original Budget	2013-2015 Final Budget	1st Year Actual	2nd Year Actual	Variance Over/ (Under)
Revenues:					
Personal Income Taxes	$13,645,193	$13,645,193	$ 6,447,665	$7,309,116	$ 111,588
Corporate Income Taxes	1,012,037	1,012,037	494,759	621,727	104,449
Tobacco Taxes	128,416	128,416	66,258	67,111	4,953
Motor Fuels Taxes	-	-	-	-	-
Weight Mile Taxes	-	-	-	-	-
Vehicle Registration Taxes	-	-	-	-	-
Other Taxes	320,370	320,370	149,599	173,956	3,185
Licenses and Fees	217,733	219,933	93,538	103,622	(22,773)
Federal	-	-	-	-	-
Charges for Services	8,152	8,152	3,649	5,166	663
Fines and Forfeitures	60,800	60,800	1,871	2,333	(56,596)
Rents and Royalties	-	-	-	9	9
Investment Income	9,961	9,961	4,235	4,774	(952)
Sales	1,257	1,257	644	658	45
Donations and Grants	-	-	5	9	14
Pension Bond Debt Service Assessments	-	-	-	-	-
Other	17,319	17,319	39	254	(17,026)
Total Revenues	15,421,238	15,423,438	7,262,262	8,288,735	127,559
Expenditures:					
Education	8,065,895	8,225,830	4,044,902	4,097,354	(83,574)
Human Services	4,226,049	4,273,689	2,380,928	1,757,683	(135,078)
Public Safety	2,031,171	2,136,776	1,049,136	1,045,165	(42,475)
Economic and Community Development	26,293	38,497	16,401	20,257	(1,839)
Natural Resources	164,962	234,326	114,310	103,969	(16,047)
Transportation	2,060	12,740	2,529	10,170	(41)
Consumer and Business Services	11,517	11,838	5,344	5,856	(638)
Administration	198,710	205,600	92,989	104,951	(7,660)
Legislative	243,073	94,367	38,510	44,754	(11,103)
Judicial	638,940	655,807	323,045	324,525	(8,237)
Total Expenditures	15,608,670	15,889,470	8,068,094	7,514,684	(306,692)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(187,432)	(466,032)	(805,832)	774,051	434,251
Other Financing Sources (Uses):					
Transfers from Other Funds	1,001,636	1,010,976	199,792	152,601	(658,583)
Transfers to Other Funds	(727,678)	(738,672)	(4,631)	(191,927)	542,114
Long-term Debt Issued	-	-	-	-	-
Debt Issuance Premium	-	-	-	-	-
Loan Proceeds	-	-	-	-	-
Gain(Loss) on Disposition of Assets	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ 86,526	$ (193,728)	(610,671)	734,725	$ 317,782
Budgetary Fund Balances - Beginning			966,564	264,761	
Prior Period Adjustments			(57,359)	213,951	
Budgetary Fund Balances - Beginning - As Restated			909,205	478,712	
Prior Biennium Transactions			(33,773)	-	
Budgetary Fund Balances - Ending			$ 264,761	$ 1,213,437	

Federal Funds					Lottery Funds				
2013-2015 Original Budget	2013-2015 Final Budget	1st Year Actual	2nd Year Actual	Variance Over/ (Under)	2013-2015 Original Budget	2013-2015 Final Budget	1st Year Actual	2nd Year Actual	Variance Over/ (Under)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
12,704,721	13,792,757	6,159,959	8,595,463	962,665	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	2,434	2,434	5,464	3,056	6,086
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
12,704,721	13,792,757	6,159,959	8,595,463	962,665	2,434	2,434	5,464	3,056	6,086
1,103,640	1,113,234	400,137	474,023	(239,074)	413,084	415,384	109,529	299,372	(6,483)
11,321,203	13,630,520	5,412,431	7,565,999	(652,090)	10,546	10,593	4,730	5,360	(503)
485,836	476,853	143,811	151,423	(181,619)	6,914	7,167	3,353	3,334	(480)
276,742	325,919	149,983	139,114	(36,822)	124,908	127,065	59,922	58,685	(8,458)
276,752	278,921	93,011	109,468	(76,442)	165,798	168,608	55,403	67,886	(45,319)
124,253	133,544	36,586	48,095	(48,863)	93,954	93,954	40,809	51,834	(1,311)
4,924	10,404	2,939	3,649	(3,816)	-	-	-	-	-
10,174	9,933	3,698	3,485	(2,750)	15,823	15,938	7,358	8,102	(478)
-	-	-	-	-	-	-	-	-	-
1,228	1,233	484	575	(174)	-	-	-	-	-
13,604,752	15,980,561	6,243,080	8,495,831	(1,241,650)	831,027	838,709	281,104	494,573	(63,032)
(900,031)	(2,187,804)	(83,121)	99,632	2,204,315	(828,593)	(836,275)	(275,640)	(491,517)	69,118
1,188	1,188	17,095	15,801	31,708	2,217,711	2,209,770	841,136	767,557	(601,077)
(378,378)	(378,468)	(36,105)	(35,131)	307,232	(1,221,412)	(1,219,856)	(247,095)	(269,994)	702,767
-	-	-	(1,363)	(1,363)	-	-	-	13,786	13,786
-	-	-	(128)	(128)	-	-	-	3,098	3,098
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
$ (1,277,221)	$ (2,565,084)	(102,131)	78,811	$ 2,541,764	$ 167,706	$ 153,639	318,401	22,930	$ 187,692
		(3,506)	(127,909)				(280,073)	(112,508)	
		1,780	1,035				-	-	
		(1,726)	(126,874)				(280,073)	(112,508)	
		(24,052)	23,559				(150,836)	9,914	
		$ (127,909)	$ (24,504)				$ (112,508)	$ (79,664)	

(continued on next page)

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis -
All Budgeted Appropriated Funds
For the Biennium Ending June 30, 2015
(In Thousands)
(continued from previous page)

	Other Funds				
	2013-2015 Original Budget	2013-2015 Final Budget	1st Year Actual	2nd Year Actual	Variance Over/ (Under)
Revenues:					
Personal Income Taxes	$ -	$ -	$ -	$ -	$ -
Corporate Income Taxes	-	-	-	-	-
Tobacco Taxes	352,205	352,205	181,165	199,135	28,095
Motor Fuels Taxes	1,066,193	1,066,193	450,866	509,083	(106,244)
Weight Mile Taxes	593,106	593,106	245,596	282,380	(65,130)
Vehicle Registration Taxes	577,930	577,930	264,906	300,655	(12,369)
Other Taxes	1,349,257	1,394,988	515,183	679,251	(200,554)
Licenses and Fees	770,222	760,996	377,642	387,722	4,368
Federal	656,944	656,944	467,205	500,660	310,921
Charges for Services	1,170,921	1,191,312	1,366,398	1,461,995	1,637,081
Fines and Forfeitures	147,547	147,547	86,763	97,786	37,002
Rents and Royalties	112,627	112,627	59,510	61,814	8,697
Investment Income	170,695	170,795	13,612	19,724	(137,459)
Sales	509,504	510,756	122,696	130,021	(258,039)
Donations and Grants	28,906	28,913	16,494	20,735	8,316
Pension Bond Debt Service Assessments	303,860	303,860	154,387	181,563	32,090
Other	1,243,923	1,340,973	400,294	291,981	(648,698)
Total Revenues	9,053,840	9,209,145	4,722,717	5,124,505	638,077
Expenditures:					
Education	309,045	513,901	72,828	96,111	(344,962)
Human Services	4,319,879	4,826,445	1,803,161	2,516,397	(506,887)
Public Safety	557,019	572,794	236,125	254,955	(81,714)
Economic and Community Development	305,889	393,888	132,958	162,589	(98,341)
Natural Resources	854,279	1,072,162	388,396	398,314	(285,452)
Transportation	3,820,157	3,859,697	1,366,197	1,489,041	(1,004,459)
Consumer and Business Services	336,510	342,113	146,406	152,776	(42,931)
Administration	1,286,781	1,370,252	600,863	661,840	(107,549)
Legislative	42,863	43,076	4,393	18,846	(19,837)
Judicial	70,677	111,473	26,648	32,163	(52,662)
Total Expenditures	11,903,099	13,105,801	4,777,975	5,783,032	(2,544,794)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,849,259)	(3,896,656)	(55,258)	(658,527)	3,182,871
Other Financing Sources (Uses):					
Transfers from Other Funds	5,042,193	5,053,877	3,553,826	3,159,148	1,659,097
Transfers to Other Funds	(6,289,037)	(6,315,370)	(2,781,533)	(2,997,042)	536,795
Long-term Debt Issued	1,382,921	1,384,597	554,613	256,244	(573,740)
Debt Issuance Premium	-	-	57,610	36,170	93,780
Loan Proceeds	-	-	19	51,080	51,099
Gain(Loss) on Disposition of Assets	-	-	1,050	960	2,010
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (2,713,182)	$ (3,773,552)	1,330,327	(151,967)	$ 4,951,912
Budgetary Fund Balances - Beginning			2,876,396	3,837,540	
Prior Period Adjustments			(38,690)	(188,170)	
Budgetary Fund Balances - Beginning - As Restated			2,837,706	3,649,370	
Prior Biennium Transactions			(330,493)	49,839	
Budgetary Fund Balances - Ending			$ 3,837,540	$ 3,547,242	

Total All Budgeted Appropriated Funds

2013-2015 Original Budget	2013-2015 Final Budget	1st Year Actual	2nd Year Actual	Variance Over/ (Under)
$13,645,193	$13,645,193	$ 6,447,665	$ 7,309,116	$ 111,588
1,012,037	1,012,037	494,759	621,727	104,449
480,621	480,621	247,423	266,246	33,048
1,066,193	1,066,193	450,866	509,083	(106,244)
593,106	593,106	245,596	282,380	(65,130)
577,930	577,930	264,906	300,655	(12,369)
1,669,627	1,715,358	664,782	853,207	(197,369)
987,955	980,929	471,180	491,344	(18,405)
13,361,665	14,449,701	6,627,164	9,096,123	1,273,586
1,179,073	1,199,464	1,370,047	1,467,161	1,637,744
208,347	208,347	88,634	100,119	(19,594)
112,627	112,627	59,510	61,823	8,706
183,090	183,190	23,311	27,554	(132,325)
510,761	512,013	123,340	130,679	(257,994)
28,906	28,913	16,499	20,744	8,330
303,860	303,860	154,387	181,563	32,090
1,261,242	1,358,292	400,333	292,235	(665,724)
37,182,233	38,427,774	18,150,402	22,011,759	1,734,387
9,891,664	10,268,349	4,627,396	4,966,860	(674,093)
19,877,677	22,741,247	9,601,250	11,845,439	(1,294,558)
3,080,940	3,193,590	1,432,425	1,454,877	(306,288)
733,832	885,369	359,264	380,645	(145,460)
1,461,791	1,754,017	651,120	679,637	(423,260)
4,040,424	4,099,935	1,446,121	1,599,140	(1,054,674)
352,951	364,355	154,689	162,281	(47,385)
1,511,488	1,601,723	704,908	778,378	(118,437)
285,936	137,443	42,903	63,600	(30,940)
710,845	768,513	350,177	357,263	(61,073)
41,947,548	45,814,541	19,370,253	22,288,120	(4,156,168)
(4,765,315)	(7,386,767)	(1,219,851)	(276,361)	5,890,555
8,262,728	8,275,811	4,611,849	4,095,107	431,145
(8,616,505)	(8,652,366)	(3,069,364)	(3,494,094)	2,088,908
1,382,921	1,384,597	554,613	268,667	(561,317)
-	-	57,610	39,140	96,750
-	-	19	51,080	51,099
-	-	1,050	960	2,010
$ (3,736,171)	$ (6,378,725)	935,926	684,499	$ 7,999,150
		3,559,381	3,861,884	
		(94,269)	26,816	
		3,465,112	3,888,700	
		(539,154)	83,312	
		$ 3,861,884	$ 4,656,511	

1. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The State's budget is approved on a biennial basis, where the biennium begins July 1 and ends June 30 of each odd-numbered year. The Governor is required to submit budget recommendations to the Legislature no later than December 1 preceding the biennium. The Governor establishes priorities for the State based on function (i.e., education, human services, etc.) and the budget is summarized by these functions. Expenditures are budgeted based on the following revenue sources: general, federal, lottery, and other.

A constitutional amendment adopted by the people in 2010 changed the historical Oregon "biennial" session process into "annual" sessions. The amendment limited the session length to 160 calendar days in odd-numbered years and to 35 calendar days in even-numbered years. In odd-numbered years, the budget is adopted by the Legislature's passage of separate appropriation bills and by the Governor's approval of those bills. The resulting approved appropriation bills become the appropriated budget for the State. Appropriation bills include one or more appropriations (budgeted expenditure items) which may be at the agency, program, or activity level. The Oregon Constitution requires the budget to be in balance at the end of each biennium. Because of this provision, the State may not budget a deficit and is required to compensate for any revenue shortfalls within each biennium.

Also included in the Governor's budget recommendations are legally authorized, nonappropriated budget items that are not legislatively limited by an appropriation bill. These nonlimited funds include other funds, federal funds, and other funds debt service. Spending plans for nonbudgeted financial activities are also established by agencies for certain expenditures to enhance fiscal control. These nonbudgeted items include federal funds and other funds and are not included in the Governor's budget recommendations.

When the Legislature is not in session, the Legislative Emergency Board is authorized to amend the legally adopted budget. The Emergency Board authorizes and allocates all changes in funding and takes other actions to meet emergency needs. Emergency Board approval is required to authorize the transfer of expenditure authority between appropriations. Management can reallocate within an appropriation without Emergency Board approval.

The State does not budget by the prescribed fund types of generally accepted accounting principles (GAAP). Appropriations may be at the agency, program, or activity level. Accordingly, the legal level of budgetary control is at one of these three levels depending on the Legislature's view of the activity. The State uses the Relational Statewide Accounting and Reporting System (R*STARS) to control expenditures by budgeted expenditure item. Each item on an approved appropriation bill is assigned an appropriation number. In R*STARS, the appropriated funds are tied to one or more appropriation numbers to ensure expenditures do not exceed approved appropriations. The following budgeted appropriated fund types have been established in R*STARS to account for the State's budgetary activities: General Fund, Federal Funds, Lottery Funds, and Other Funds.

Budgets are prepared on the cash basis. Spending limits are established using quarterly allotments. Allotments are required for both appropriated and nonappropriated items. The spending limits are monitored by the Chief Financial Office of the Department of Administrative Services and are controlled by R*STARS. Encumbrance accounting provides additional budgetary control. Encumbrances represent commitments related to unperformed contracts for goods or services. For budgetary reporting purposes, encumbrances are treated like expenditures and are shown as a reduction of fund balance.

The accompanying "Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual-Budgetary (Non-GAAP) Basis - All Budgeted Appropriated Funds" is not presented at the legal level of budgetary control. Such a presentation would be extremely cumbersome. To demonstrate compliance with the legal level of budgetary control, the State has prepared a separate report for the 2013-2015 biennium as of June 30, 2015. A copy of this report is available at the Department of Administrative Services, Chief Financial Office, 155 Cottage Street NE, Salem, Oregon 97301-3969.

Unexpended appropriations at the end of each biennium are available for subsequent expenditure to the extent liabilities have been incurred at June 30, provided payment of those liabilities occurs during the succeeding six-month period of July 1 through December 31. Any remaining unexpended appropriations lapse December 31 following the end of the biennium, except for appropriations related to capital construction.

Agencies are required to provide estimates of expected revenues for program revenue and segregated revenue categories. General Fund revenues consist primarily of general taxes and other receipts that are paid into the

General Fund and are then available for appropriation by the Legislature. Revenues not recorded in the General Fund consist of function specific revenues, which are credited by law to an appropriation to finance a specified program, and segregated revenues that are paid into separate identifiable funds.

The original budget amounts reported for revenues in the accompanying "Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary (Non-GAAP) Basis - All Budgeted Appropriated Funds" represent original estimates, while budgeted expenditures represent the first complete appropriated budget adopted by the Legislature. The final budget amounts reported for revenues represent revised estimates, while the final budget amounts reported for expenditures represent the original budget modified by legally authorized legislative and executive changes, as well as Emergency Board actions taken during the year.

The major differences between budgetary (non-GAAP) basis and GAAP basis are:

- Encumbrances are recorded as expenditures for budgetary purposes when purchase orders are issued.
- Revenues are recognized when received in cash (budgetary basis) versus when they are susceptible to accrual (GAAP basis).
- Expenditures are recognized when paid in cash or encumbered (budgetary basis) as opposed to when the liability is incurred (GAAP basis).
- Nonappropriated and nonbudgeted funds are not included in the budgetary schedule.
- Timing differences occur because of a six-month lapse period between June 30 and December 31 of each odd-numbered year.

These different accounting principles may result in basis, perspective, entity, and timing differences in the excess (deficiency) of revenues and other financial resources over (under) expenditures and other uses of financial resources. A reconciliation of these differences is presented in Note 2 of the required supplementary information.

2. BUDGETARY BASIS TO GAAP BASIS RECONCILIATION

The accompanying "Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual-Budgetary (Non-GAAP Basis) - All Budgeted Appropriated Funds" presents comparisons of the legally approved budget (more fully described in Note 1) with actual data on a budgetary basis.

Accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. A reconciliation of the resulting differences in excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses for the year ended June 30, 2015, is presented below. Governmental funds are reconciled to the net change in fund balances. Proprietary funds and fiduciary fund types are reconciled to the change in net position.

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses (In Thousands)

	Budgetary Balances Classified into GAAP Fund Structure								
GAAP Fund	Budgeted General Fund	Budgeted Federal Funds	Budgeted Lottery Funds	Budgeted Other Funds	Total Budgeted Funds	Timing Differences	Basis Differences	Non-Budgeted Funds	GAAP Balances
General	$ 734,725	$ 516	$ 109,088	$ 898	$ 845,227	$ 189,593	$ (758,147)	$ 29,022	$ 305,695
Health and Social Services	-	44,603	326	(268,844)	(223,915)	(193,463)	748,600	53,158	384,380
Public Transportation	-	(160)	-	(135,101)	(135,261)	(7)	(61,957)	6,397	(190,828)
Environmental Management	-	7,016	(3,575)	1,464	4,905	142	(23,150)	28,160	10,057
Common School	-	-	-	(3,144)	(3,144)	(1,450)	(2,258)	11,584	4,732
Nonmajor Governmental	-	27,186	(69,482)	140,350	98,054	(61,921)	(2,328)	191,318	225,123
Housing and Community Services	-	-	-	4,970	4,970	-	877	5,167	11,014
Lottery Operations	-	-	-	-	-	-	-	49,254	49,254
Unemployment Compensation	-	-	-	-	-	-	-	518,790	518,790
University System	-	-	(12,349)	-	(12,349)	-	12,349	(1,936,268)	(1,936,268)
Nonmajor Enterprise	-	(350)	(1,078)	32,232	30,804	(36,022)	8,299	122,602	125,683
Internal Service	-	-	-	75,726	75,726	(8,442)	38,143	(23,610)	81,817
Pension and Other Employee Benefit Trust	-	-	-	(518)	(518)	(277)	(365)	138,122	136,962
Private Purpose Trust	-	-	-	-	-	-	-	1,499	1,499
Investment Trust	-	-	-	-	-	-	-	236,042	236,042
Totals	$ 734,725	$ 78,811	$ 22,930	$ (151,967)	$ 684,499	$ (111,847)	$ (39,937)	$ (568,763)	$ (36,048)

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability/(Asset)
Defined Benefit Plan
For the Year Ended June 30[1]
(Dollars in Thousands)

	2014[2]
Proportion of the net pension liability/(asset)	(19.01052514478%)
Proportionate share of the net pension liability/(asset)	$ (430,914)
Covered-employee payroll	2,545,831
Employer net pension liability/(asset) as a percentage of covered payroll	(16.9%)
Plan fiduciary net position as a percentage of the total pension liability	103.6%

[1] The amounts presented were determined as of the June 30, 2014, measurement date.

[2] 10-year trend information will be presented prospectively.

Required Supplementary Information
Schedule of Defined Benefit Pension Plan Contributions
Defined Benefit Plan
For the Year Ended June 30[1]
(Dollars in Thousands)

	2015
Contractually required contributions[2]	$ 152,789
Contributions in relation to the contractually required contributions	152,789
Contribution deficiency	-
Covered-employee payroll	2,724,106
Contributions as a percentage of covered-employee payroll	5.61%

[1] 10-year trend information will be presented prospectively.

[2] The contractually required contributions on this Schedule of Defined Benefit Pension Plan Contributions have been adjusted to remove amounts contributed to finance employer-specific liabilities and employer optional contributions.

Required Supplementary Information
Schedules of Funding Progress
Other Postemployment Benefit Plans
(In Millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)[3]	Funded Ratio (a/b)[3]	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
Public Employees Benefit Board (PEBB) Plan						
7/1/2009	$ -	$ 161.7	$ 161.7	0%	$ 2,562.5	6.3%
7/1/2011	-	154.7	154.7	0%	2,329.4	6.6%
7/1/2013[1]	-	105.1	105.1	0%	2,485.8	4.2%
Retiree Health Insurance Premium Account (PERS Plan)[2]						
12/31/2012	$ 4.4	$ 60.3	$ 55.9	7.4%	$ 2,432.4	2.3%
12/31/2013	5.2	61.2	56.0	8.5%	2,531.5	2.2%
12/31/2014	7.2	70.5	63.3	10.2%	2,718.9	2.3%

[1] The July 1, 2013, PEBB Plan actuarial valuation included notable changes from the previous valuation. Based on recent experience and future expectations, future coverage assumptions have been decreased. Twenty percent of active members are assumed to elect medical coverage and 16 percent are estimated to elect dental coverage upon retirement. The prior actuarial valuation estimated 30 percent of active members would elect medical coverage and 24 percent were assumed to elect dental coverage upon retirement.

[2] The benefits of the Retiree Health Insurance Premium Account (RHIPA) are funded through a separate account within the Public Employees Retirement System (PERS) trust. The normal cost rates for RHIPA are very sensitive to the participation levels. According to the latest valuation report, the RHIPA funded status is not as well-funded as the pension program. Higher participation rates were assumed for retirees eligible for the largest employer-paid subsidies increasing the contribution rates, helping to fund the program. Rates reflecting the new structure are effective July 2015.

PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. This report may also be accessed online at:

http://www.oregon.gov/PERS/Pages/section/financial_reports/financials.aspx

[3] Differences due to rounding.

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Combining Fund Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Agricultural Resources Fund

This fund accounts for programs related to the promotion, inspection, and regulation of the State's agricultural industry. Funding for these programs include licenses and fees, charges for services, and federal grants.

Business Development Fund

This fund is used to account for programs that expand existing businesses as well as attract and promote new businesses. Federal grants, transfers from other funds, and revenue bond proceeds comprise the main funding sources for these programs.

Community Protection Fund

This fund accounts for a variety of activities that help to ensure the safety of the State's citizens and their property through the courts, police, military, and correctional facilities. The main funding sources for these programs include federal grants, fines, and state court fees.

Consumer Protection Fund

This fund is used to account for programs that regulate existing businesses and license various professionals and organizations. Public utilities taxes and business license fees comprise the main funding sources.

Educational Support Fund

This fund accounts for programs that provide students with opportunities to develop their academic abilities to the fullest from early childhood to postgraduate research, not including activities accounted for in the Common School Fund. The principal funding sources for these programs include federal grants and transfers from other funds.

Employment Services Fund

This fund accounts for programs that provide workers with a safe and secure workplace. Funding for these employment-related programs include federal grants, employer and employee taxes, and workers' compensation insurance taxes.

Nutritional Support Fund

This fund accounts for programs to improve the diets of low-income households and school children. Federal grants provide the main source of revenue for these programs.

Residential Assistance Fund

This fund accounts for programs that help to meet the housing and energy needs of low-income Oregonians. Major funding sources include federal grants, senior citizen property tax repayments, and public utilities taxes.

Other Special Revenue Funds

This fund accounts for a variety of small programs that are funded mainly by federal grants and charges for services.

Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term obligations.

Revenue Bond Fund

This fund accounts for the accumulation of resources for the payment of principal and interest on long-term revenue bonds not reported in proprietary funds. The portion of these bonds that is not self-supporting is funded by a legislative appropriation.

Certificates of Participation Fund

This fund accounts for the accumulation of resources for the payment of principal and interest on certificates of participation not reported in proprietary funds. Debt service requirements are funded by a legislative appropriation.

General Obligation Bond Fund

This fund accounts for the accumulation of resources for the payment of principal and interest on long-term general obligation bonds not reported in the general fund or in proprietary funds. The issuance of general obligation debt is authorized in the Oregon Constitution. The portion of these bonds that is not self-supporting is funded by a legislative appropriation.

Capital Projects Fund

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Fund

The permanent fund is used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the State's programs. These earnings provide funding for programs such as the upkeep on fish hatcheries, scholarship funds for injured workers, special library book purchases, and homes for the developmentally disabled.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015
(In Thousands)

	Special Revenue Funds		
	Agricultural Resources	Business Development	Community Protection
ASSETS			
Cash and Cash Equivalents	$ 27,070	$ 62,945	$ 200,578
Investments	-	23,068	-
Custodial Assets	-	-	-
Securities Lending Collateral	883	5,204	10,447
Accounts and Interest Receivable (net)	3,490	829	51,929
Taxes Receivable (net)	-	-	-
Due from Other Funds	1,043	8,432	9,379
Inventories	87	28	756
Prepaid Items	50	-	-
Advances to Component Units	-	-	-
Advances to Other Funds	-	-	-
Net Contracts, Notes and Other Receivables	-	55	141,903
Loans Receivable (net)	-	3,087	-
Total Assets	$ 32,623	$ 103,648	$ 414,992
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and Interest Payable	$ 1,041	$ 2,580	$ 21,285
Obligations Under Securities Lending	883	5,204	10,447
Due to Other Funds	191	177	11,518
Due to Component Units	-	1,011	-
Due to Other Governments	-	380	3,231
Unearned Revenue	81	60	797
Custodial Liabilities	61	-	1,236
Contracts, Mortgages, and Notes Payable	-	-	3,000
Advances from Other Funds	-	-	28
Total Liabilities	2,257	9,412	51,542
Deferred Inflows of Resources:			
Unavailable Revenue	-	55	141,903
Total Deferred Inflows of Resources	-	55	141,903
Fund Balances:			
Nonspendable	163	29	816
Restricted by:			
Federal Laws and Regulations	6	16,505	15,865
Oregon Constitution	690	19,092	18,386
Enabling Legislation	26,787	8,616	19,845
Debt Covenants	-	12,950	67,776
Donors and Other External Parties	-	-	1,531
Committed	-	36,952	94,253
Assigned	2,720	37	3,075
Unassigned	-	-	-
Total Fund Balances	30,366	94,181	221,547
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 32,623	$ 103,648	$ 414,992

Special Revenue Funds						
Consumer Protection	Educational Support	Employment Services	Nutritional Support	Residential Assistance	Other Special Revenue
$ 125,471	$ 370,127	$ 164,447	$ 1,684	$ 113,737	$ 12,704
-	53,626	145,127	-	15,316	-
11,545	-	-	-	-	-
7,392	10,072	4,627	111	6,704	750
3,848	93,095	58,824	18,969	9,987	526
9,713	588	9,350	-	-	-
717	35,957	2,956	-	4,320	27
39	-	1,163	55	97	702
47	344	192	-	1	1,095
-	2,000	-	-	-	-
-	13,700	-	-	-	-
6,462	30	77,563	84	37,044	-
-	-	-	-	196,686	-
$ 165,234	$ 579,539	$ 464,249	$ 20,903	$ 383,892	$ 15,804
$ 4,680	$ 66,259	$ 23,294	$ 16,730	$ 4,593	$ 617
7,392	10,072	4,627	111	6,704	750
9,611	15,843	1,749	194	196	32
-	33,521	-	-	123	-
5,101	27,623	1,420	1,382	2,184	-
-	37	-	-	12	-
11,684	35	674	-	-	13
-	-	-	-	-	-
-	-	-	-	-	-
38,468	153,390	31,764	18,417	13,812	1,412
6,462	588	77,787	84	37,044	-
6,462	588	77,787	84	37,044	-
94	345	1,458	55	98	1,132
-	5,066	111,116	1,375	40,598	7,674
-	141,941	-	-	-	-
87,407	9,186	127,108	972	76,088	3,356
-	239,871	-	-	24,593	-
682	8,018	-	-	26,684	1,338
32,162	17,737	111,993	-	162,554	858
-	3,397	3,023	-	2,421	34
(41)	-	-	-	-	-
120,304	425,561	354,698	2,402	333,036	14,392
$ 165,234	$ 579,539	$ 464,249	$ 20,903	$ 383,892	$ 15,804

(continued on next page)

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015
(In Thousands)
(continued from previous page)

	Debt Service Funds		
	Revenue Bond	Certificates of Participation	General Obligation Bond
ASSETS			
Cash and Cash Equivalents	$ 171,032	$ 925	$ 55,322
Investments	6,212	-	-
Custodial Assets	-	-	-
Securities Lending Collateral	-	-	-
Accounts and Interest Receivable (net)	-	-	15,488
Taxes Receivable (net)	-	-	-
Due from Other Funds	45,632	-	-
Inventories	-	-	-
Prepaid Items	-	-	-
Advances to Component Units	-	-	-
Advances to Other Funds	-	-	-
Net Contracts, Notes and Other Receivables	-	-	-
Loans Receivable (net)	-	-	-
Total Assets	$ 222,876	$ 925	$ 70,810
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and Interest Payable	$ 283	$ -	$ 27
Obligations Under Securities Lending	-	-	-
Due to Other Funds	7,659	-	1
Due to Component Units	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Custodial Liabilities	626	-	111
Contracts, Mortgages, and Notes Payable	-	-	-
Advances from Other Funds	-	-	-
Total Liabilities	8,568	-	139
Deferred Inflows of Resources:			
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances:			
Nonspendable	-	-	-
Restricted by:			
Federal Laws and Regulations	-	-	-
Oregon Constitution	98,996	268	-
Enabling Legislation	-	-	-
Debt Covenants	115,312	657	70,671
Donors and Other External Party	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balances	214,308	925	70,671
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 222,876	$ 925	$ 70,810

Capital Projects	Permanent	Total
$ 61,167	$ 17,709	$ 1,384,918
-	-	243,349
-	-	11,545
-	1,045	47,235
357	2	257,344
-	-	19,651
517	-	108,980
1,024	-	3,951
-	-	1,729
-	-	2,000
-	-	13,700
-	-	263,141
-	-	199,773
$ 63,065	$ 18,756	$ 2,557,316

$ 5,932	$ 135	$ 147,456
-	1,045	47,235
2,106	-	49,277
-	-	34,655
-	-	41,321
2,785	-	3,772
-	-	14,440
-	-	3,000
-	-	28
10,823	1,180	341,184
-	-	263,923
-	-	263,923
1,024	15,327	20,541
6	76	198,287
170	-	279,543
176	2,173	361,714
48,210	-	580,040
-	-	38,253
196	-	456,705
2,460	-	17,167
-	-	(41)
52,242	17,576	1,952,209
$ 63,065	$ 18,756	$ 2,557,316

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015
(In Thousands)

	Special Revenue Funds		
	Agricultural Resources	Business Development	Community Protection
REVENUES			
Employer-Employee Taxes	$ -	$ -	$ -
Workers' Compensation Insurance Taxes	-	-	-
Other Taxes	-	-	-
Licenses and Fees	19,704	2,878	20,079
Federal	6,970	14,457	154,474
Rebates and Recoveries	100	5	90
Charges for Services	9,538	565	21,669
Fines, Forfeitures, and Penalties	35	29	77,876
Rents and Royalties	-	-	2,063
Investment Income	113	669	454
Sales	14	1,625	1,524
Assessments	-	-	-
Donations and Grants	-	14,826	1,498
Contributions to Permanent Funds	-	-	-
Other	787	462	15,614
Total Revenues	37,261	35,516	295,341
EXPENDITURES			
Current:			
Education	-	-	-
Human Resources	-	-	2,211
Public Safety	-	2,153	270,892
Economic and Community Development	-	71,829	228
Natural Resources	40,027	44	-
Transportation	-	-	9,384
Consumer and Business Services	-	-	-
Administration	-	2,348	1,156
Legislative	-	-	-
Judicial	-	-	45,807
Capital Improvements and Capital Construction	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	3
Other Debt Service	-	63	631
Total Expenditures	40,027	76,437	330,312
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,766)	(40,921)	(34,971)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	5,350	39,866	88,075
Transfers to Other Funds	(801)	(2,801)	(77,983)
Insurance Recoveries	-	-	-
Long-term Debt Issued	-	15,943	58,934
Debt Issuance Premium	-	-	4,679
Refunding Debt Issued	-	-	-
Refunded Debt Payment to Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	4,549	53,008	73,705
Net Change in Fund Balances	1,783	12,087	38,734
Fund Balances - Beginning	28,822	82,092	182,636
Prior Period Adjustments	(212)	(7)	172
Fund Balances - Beginning - As Restated	28,610	82,085	182,808
Change in Inventories	(27)	9	5
Fund Balances - Ending	$ 30,366	$ 94,181	$ 221,547

Special Revenue Funds					
Consumer Protection	Educational Support	Employment Services	Nutritional Support	Residential Assistance	Other Special Revenue
$ -	$ -	$ 91,232	$ -	$ -	$ -
-	-	54,957	-	-	-
82,754	380	-	-	39,471	-
97,940	349	2,013	-	449	-
3,299	403,408	188,285	1,349,830	105,149	3,483
17	12	25	18,214	164	-
2,769	6,136	20,434	1,042	4,052	3,312
2,361	-	14,465	-	43	-
-	168	182	-	-	370
1,604	3,659	3,095	5	9,419	52
19	280	310	-	-	595
-	-	37,185	-	-	-
-	10,817	-	-	13,925	298
-	-	-	-	-	-
834	933	4,997	329	45	361
191,597	426,142	417,180	1,369,420	172,717	8,471
2,522	463,236	50,931	193,763	-	3
3,494	-	-	1,171,824	-	-
-	-	-	-	-	-
-	-	131,997	1,431	154,677	3,660
3,133	-	-	-	176	-
40	-	-	-	-	-
136,323	-	141,101	-	4,874	-
22,191	61,018	944	28	510	7,257
-	-	-	-	-	2,191
-	-	-	-	-	-
-	-	-	-	-	-
-	2,751	-	-	-	-
-	2,344	-	-	-	-
-	2,056	-	-	32	157
167,703	531,405	324,973	1,367,046	160,269	13,268
23,894	(105,263)	92,207	2,374	12,448	(4,797)
11,439	313,180	4	-	17,843	2,687
(38,131)	(271,815)	(69,623)	(1,330)	(2,775)	(602)
9	-	-	-	-	-
-	240,593	-	-	8,107	-
-	52,186	-	-	-	-
-	71,148	-	-	-	-
-	(81,913)	-	-	-	-
(26,683)	323,379	(69,619)	(1,330)	23,175	2,085
(2,789)	218,116	22,588	1,044	35,623	(2,712)
123,126	207,947	213,110	1,333	297,372	17,140
(13)	(502)	119,017	-	-	1
123,113	207,445	332,127	1,333	297,372	17,141
(20)	-	(17)	25	41	(37)
$ 120,304	$ 425,561	$ 354,698	$ 2,402	$ 333,036	$ 14,392

(continued on next page)

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015
(In Thousands)
(continued from previous page)

	Debt Service Funds		
	Revenue Bond	Certificates of Participation	General Obligation Bond
REVENUES			
Employer-Employee Taxes	$ -	$ -	$ -
Workers' Compensation Insurance Taxes	-	-	-
Other Taxes	-	-	-
Licenses and Fees	-	-	-
Federal	10,022	2,693	-
Rebates and Recoveries	-	-	-
Charges for Services	-	-	-
Fines, Forfeitures, and Penalties	-	-	-
Rents and Royalties	-	-	-
Investment Income	2,191	8	532
Sales	-	-	-
Assessments	-	-	-
Donations and Grants	-	-	-
Contributions to Permanent Funds	-	-	-
Other	84	-	41,968
Total Revenues	12,297	2,701	42,500
EXPENDITURES			
Current:			
Education	-	-	-
Human Resources	-	-	-
Public Safety	-	-	-
Economic and Community Development	-	-	-
Natural Resources	-	-	-
Transportation	-	-	-
Consumer and Business Services	-	-	-
Administration	-	-	-
Legislative	-	-	-
Judicial	-	-	-
Capital Improvements and Capital Construction	-	-	-
Debt Service:			
Principal	142,341	3,099	83,931
Interest	131,245	5,840	127,521
Other Debt Service	5,090	-	347
Total Expenditures	278,676	8,939	211,799
Excess (Deficiency) of Revenues Over (Under) Expenditures	(266,379)	(6,238)	(169,299)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	272,005	6,507	168,875
Transfers to Other Funds	(113,926)	(348)	(2,296)
Insurance Recoveries	-	-	-
Long-term Debt Issued	299	-	26
Debt Issuance Premium	214,059	-	11,992
Refunding Debt Issued	1,014,554	-	60,418
Refunded Debt Payment to Escrow Agent	(1,223,957)	-	(71,727)
Total Other Financing Sources (Uses)	163,034	6,159	167,288
Net Change in Fund Balances	(103,345)	(79)	(2,011)
Fund Balances - Beginning	317,653	1,104	72,682
Prior Period Adjustments	-	(100)	-
Fund Balances - Beginning - As Restated	317,653	1,004	72,682
Change in Inventories	-	-	-
Fund Balances - Ending	$ 214,308	$ 925	$ 70,671

Capital Projects	Permanent	Total
$ -	$ -	$ 91,232
-	-	54,957
-	-	122,605
-	-	143,412
4,343	-	2,246,413
-	19	18,646
-	-	69,517
-	-	94,809
38	-	2,821
206	99	22,106
51	-	4,418
-	-	37,185
48	-	41,412
-	518	518
37	38	66,489
4,723	674	3,016,540
-	-	710,455
-	1,874	1,179,403
-	-	273,045
-	-	363,822
-	10	43,390
-	-	9,424
-	4	282,302
-	-	95,452
-	-	2,191
-	-	45,807
66,071	-	66,071
-	-	232,122
-	-	266,953
-	-	8,376
66,071	1,888	3,578,813
(61,348)	(1,214)	(562,273)
41,044	-	966,875
(2,265)	(15)	(584,711)
9	-	18
25,284	-	349,186
4,589	-	287,505
-	-	1,146,120
-	-	(1,377,597)
68,661	(15)	787,396
7,313	(1,229)	225,123
43,767	18,805	1,607,589
139	-	118,495
43,906	18,805	1,726,084
1,023	-	1,002
$ 52,242	$ 17,576	$ 1,952,209

Nonmajor Enterprise Funds

Enterprise Funds account for goods and services provided to the general public on a continuous basis, either when all or most of the cost involved in operating the enterprise is intended to be financed from user charges, or when periodic measurement of the results of operations is appropriate for management control or accountability.

Veterans' Loan Fund

This fund accounts for activities to finance owner-occupied, single-family residential housing for qualified eligible Oregon veterans. Funds for lending are provided through the issuance of general obligation bonds that are repaid from the interest and principal payments made on mortgages.

Energy Loan Fund

This fund accounts for activities to provide low-interest loans for renewable energy resource and energy conservation projects. Funding is from the issuance of bonds that are repaid from the interest and principal payments on loans.

Business Development Fund

This fund accounts for resources used to finance land, buildings, machinery, and permanent working capital for eligible activities including those determined to diversify an economic base.

Special Public Works Fund

This fund accounts for loans and grants to local governments for construction of infrastructure required to support needed public services. The Special Public Works Fund is financed through lottery resources, the sale of revenue bonds, loan repayments, and interest earnings.

State Hospitals Fund

This fund accounts for the operations of State hospitals and State operated residential group homes that provide treatment services for specific citizens as well as training and care for developmentally disabled persons. Clinical programs include the adult psychiatric program, the child and adolescent treatment program, the forensic and correctional treatment program, and the geropsychiatric treatment and medical service program.

Liquor Control Fund

This fund accounts for the operation of the Oregon Liquor Control Commission that regulates the sale and use of alcoholic beverages and promotes responsible alcohol use.

Veterans' Home Fund

This fund accounts for activities of the Oregon Veterans' Home, which provides skilled nursing and Alzheimer's disease care to some of Oregon's most vulnerable veterans.

Water/Wastewater Financing Fund

This fund accounts for loans and grants to municipalities to improve compliance with federal and State of Oregon water quality standards. The Water/Wastewater Financing Fund is financed through lottery resources, the sale of revenue bonds, loan repayments, and interest earnings.

Safe Drinking Water

This fund accounts for activities of the Safe Drinking Water financing program, which provides low-cost financing for construction and/or improvements of public and private water systems.

Other Enterprise Funds

This fund is used to account for the sale of goods and services to other than governmental entities through activities not specifically accounted for in another enterprise fund. The fund includes programs within the following state agencies: the Oregon Business Development Department, the Department of Administrative Services, the Department of Corrections, the Department of Environmental Quality, the Department of Forestry, the Judicial Department, the Legislative Administration Committee, the Office of the State Treasurer, Oregon Corrections Enterprises, the Oregon Facilities Authority, the Oregon Health Authority, the Public Employees Retirement System, and the Water Resources Department.

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2015
(In Thousands)

	Veterans' Loan	Energy Loan	Business Development	Special Public Works
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 88,291	$ -	$ 21,823	$ 82,053
Cash and Cash Equivalents - Restricted	2,533	30,392	-	-
Investments	10,297	-	-	10,407
Securities Lending Collateral	10,292	-	1,288	5,624
Accounts and Interest Receivable (net)	1,206	535	62	5,172
Due from Other Funds	110	674	-	6
Due from Component Units	-	4,614	-	-
Inventories	-	-	-	-
Prepaid Items	5	-	-	-
Foreclosed and Deeded Property	197	-	-	-
Total Current Assets	112,931	36,215	23,173	103,262
Noncurrent Assets:				
Cash and Cash Equivalents - Restricted	85,074	4	-	10,273
Advances to Other Funds	-	17,604	-	-
Advances to Component Units	-	92,509	-	-
Net Contracts, Notes, and Other Receivables	2,638	-	-	-
Loans Receivable (net)	236,597	71,439	20,589	164,320
Net Pension Asset	508	81	67	199
Capital Assets:				
Land	-	-	-	-
Buildings, Property, and Equipment	9,108	264	-	-
Construction in Progress	-	-	-	-
Infrastructure	-	-	-	-
Works of Art and Other Nondepreciable Assets	627	-	-	-
Less Accumulated Depreciation and Amortization	(5,392)	(264)	-	-
Total Noncurrent Assets	329,160	181,637	20,656	174,792
Total Assets	442,091	217,852	43,829	278,054
DEFERRED OUTFLOWS OF RESOURCES				
Hedging Derivatives	1,392	-	-	-
Loss on Refunding	-	9	-	-
Related to Pensions	188	30	25	74
Total Deferred Outflows of Resources	1,580	39	25	74

State Hospitals	Liquor Control	Veterans' Home	Water/ Wastewater Financing	Safe Drinking Water	Other	Total
$ 5,346	$ 35,869	$ 10,433	$ 23,470	$ 78,108	$ 93,646	$ 439,039
-	-	1,184	-	-	127	34,236
-	-	-	-	-	-	20,704
311	1,626	686	1,385	4,608	4,684	30,504
5,666	587	2,732	1,983	2,448	23,967	44,358
4,037	-	-	3	151	87	5,068
-	-	-	-	-	-	4,614
424	26,184	-	-	-	6,027	32,635
-	-	-	-	-	313	318
-	-	-	-	-	-	197
15,784	64,266	15,035	26,841	85,315	128,851	611,673
-	-	-	2,495	-	-	97,846
-	-	-	-	-	19	17,623
-	-	-	-	-	-	92,509
-	-	87	-	-	-	2,725
-	-	-	89,762	162,948	15,682	761,337
25,753	2,297	29	96	44	2,370	31,444
15	1,481	4,252	-	-	3,385	9,133
472,287	25,140	50,050	-	-	47,367	604,216
44	-	641	-	-	42	727
3,661	-	-	-	-	-	3,661
-	-	60	-	-	-	687
(36,376)	(14,421)	(6,220)	-	-	(29,483)	(92,156)
465,384	14,497	48,899	92,353	162,992	39,382	1,529,752
481,168	78,763	63,934	119,194	248,307	168,233	2,141,425
-	-	-	-	-	-	1,392
-	-	-	-	-	-	9
9,531	850	11	36	16	877	11,638
9,531	850	11	36	16	877	13,039

(continued on next page)

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2015
(In Thousands)
(continued from previous page)

	Veterans' Loan	Energy Loan	Business Development	Special Public Works
LIABILITIES				
Current Liabilities:				
Accounts and Interest Payable	543	2,921	17	1,349
Obligations Under Securities Lending	10,292	-	1,288	5,624
Due to Other Funds	-	17	19	3
Due to Other Governments	-	-	-	-
Unearned Revenue	-	938	886	-
Matured Bonds/COPs and Coupons Payable	-	-	-	-
Compensated Absences Payable	231	13	23	73
Claims and Judgments Payable	-	-	-	-
Arbitrage Rebate Payable	112	-	-	-
Custodial Liabilities	2,533	1,704	-	-
Contracts, Mortgages and Notes Payable	30	4	2	7
Bonds/COPs Payable	4,600	20,297	-	2,610
Obligations Under Capital Lease	-	-	-	-
Total Current Liabilities	18,341	25,894	2,235	9,666
Noncurrent Liabilities:				
Compensated Absences Payable	119	7	12	37
Arbitrage Rebate Payable	21,942	-	-	-
Contracts, Mortgages, and Notes Payable	734	93	52	162
Bonds/COPs Payable	275,565	210,936	-	49,109
Obligations Under Capital Lease	-	-	-	-
Net OPEB Obligation	120	14	8	25
Derivative Instrument Liabilities	1,392	-	-	-
Total Noncurrent Liabilities	299,872	211,050	72	49,333
Total Liabilities	318,213	236,944	2,307	58,999
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	980	155	130	385
Total Deferred Inflows of Resources	980	155	130	385
NET POSITION				
Net Investment in Capital Assets	4,343	-	-	-
Restricted for:				
Natural Resource Programs	-	-	-	-
Debt Service	-	2,949	-	1,498
Capital Projects	-	-	-	-
Unrestricted	120,135	(22,157)	41,417	217,246
Total Net Position	$ 124,478	$ (19,208)	$ 41,417	$ 218,744

State Hospitals	Liquor Control	Veterans' Home	Water/ Wastewater Financing	Safe Drinking Water	Other	Total
2,922	21,828	2,162	707	19	5,913	38,381
311	1,626	686	1,385	4,608	4,684	30,504
14,041	13,083	110	-	-	2,277	29,550
-	-	-	-	-	9	9
-	169	93	-	-	-	2,086
-	-	-	-	-	127	127
6,801	744	20	38	15	764	8,722
-	-	-	-	-	14,798	14,798
-	-	-	-	-	-	112
6	752	3	-	-	2,572	7,570
945	84	1	3	2	91	1,169
-	-	-	1,395	-	198	29,100
-	-	-	-	-	268	268
25,026	38,286	3,075	3,528	4,644	31,701	162,396
3,504	384	10	20	7	274	4,374
-	-	-	-	-	-	21,942
23,217	2,058	30	66	50	2,445	28,907
-	-	-	28,152	-	2	563,764
-	-	-	-	-	297	297
4,016	352	3	9	6	279	4,832
-	-	-	-	-	-	1,392
30,737	2,794	43	28,247	63	3,297	625,508
55,763	41,080	3,118	31,775	4,707	34,998	787,904
49,693	4,431	56	185	86	4,572	60,673
49,693	4,431	56	185	86	4,572	60,673
439,631	12,199	48,783	-	-	20,546	525,502
-	-	-	-	-	504	504
-	-	-	893	-	-	5,340
-	-	1,216	-	-	-	1,216
(54,388)	21,903	10,772	86,377	243,530	108,490	773,325
$ 385,243	$ 34,102	$ 60,771	$ 87,270	$ 243,530	$ 129,540	$ 1,305,887

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015
(In Thousands)

	Veterans' Loan	Energy Loan	Business Development	Special Public Works
OPERATING REVENUES:				
Licenses and Fees	$ 100	$ 1	$ -	$ -
Federal	-	-	350	-
Rebates and Recoveries	-	-	-	-
Charges for Services	2,125	7	37	-
Fines, Forfeitures, and Penalties	-	350	-	-
Rents and Royalties	802	-	17	-
Sales	-	1,941	-	-
Loan Interest Income	9,610	9,873	966	8,259
Other	806	193	-	264
Gain (Loss) on Foreclosed Property	38	45	-	-
Total Operating Revenues	13,481	12,410	1,370	8,523
OPERATING EXPENSES:				
Salaries and Wages	3,967	366	394	1,216
Services and Supplies	4,772	327	122	427
Cost of Goods Sold	-	-	-	-
Distributions to Other Governments	-	-	-	829
Special Payments	-	9,500	-	-
Bond and COP Interest	5,999	9,473	-	2,631
Depreciation and Amortization	104	-	-	-
Bad Debt Expense	-	3,000	197	-
Total Operating Expenses	14,842	22,666	713	5,103
Operating Income (Loss)	(1,361)	(10,256)	657	3,420
NONOPERATING REVENUES (EXPENSES):				
Investment Income (Loss)	1,317	155	109	506
Other Taxes	-	-	-	-
Gain (Loss) on Disposition of Assets	-	-	-	-
Insurance Recovery	-	-	-	-
Loan Interest Expense	-	-	-	-
Other Interest Expense	(51)	(7)	(4)	(11)
Other Nonoperating Items	(12)	-	(7)	(23)
Total Nonoperating Revenues (Expenses)	1,254	148	98	472
Income (Loss) Before Contributions, Special Items, Extraordinary Items and Transfers	(107)	(10,108)	755	3,892
Capital Contributions	-	-	-	-
Transfers from Other Funds	-	674	-	9,000
Transfers to Other Funds	(204)	(1,003)	(33)	(5,497)
Change in Net Position	(311)	(10,437)	722	7,395
Net Position - Beginning	125,712	(8,663)	40,818	211,712
Prior Period Adjustments	4	39	-	1
Cumulative Effect of Change in Accounting Principles	(927)	(147)	(123)	(364)
Net Position - Beginning - As Restated	124,789	(8,771)	40,695	211,349
Net Position - Ending	$ 124,478	$ (19,208)	$ 41,417	$ 218,744

State Hospitals	Liquor Control	Veterans' Home	Water/ Wastewater Financing	Safe Drinking Water	Other	Total
$ -	$ 4,694	$ -	$ -	$ -	$ 3,088	$ 7,883
-	-	7,046	-	-	-	7,396
130	-	-	-	-	15,738	15,868
80,590	-	10,793	-	-	234,679	328,231
-	598	-	-	-	13	961
39	-	-	-	-	-	858
73	544,756	-	-	-	24,153	570,923
-	-	-	3,511	3,978	604	36,801
4,405	347	38	-	-	1,268	7,321
-	-	-	-	-	-	83
85,237	550,395	17,877	3,511	3,978	279,543	976,325
199,478	15,016	318	651	231	7,109	228,746
58,736	58,511	18,833	201	8	43,409	185,346
-	266,726	-	-	-	25,740	292,466
-	59,119	-	2,078	183	218	62,427
137	295	-	375	2,447	212,492	225,246
-	-	-	1,323	-	12	19,438
8,893	875	937	-	-	2,083	12,892
-	-	-	-	-	-	3,197
267,244	400,542	20,088	4,628	2,869	291,063	1,029,758
(182,007)	149,853	(2,211)	(1,117)	1,109	(11,520)	(53,433)
-	-	63	119	391	408	3,068
-	17,686	-	-	-	-	17,686
(666)	3	4	-	-	(71)	(730)
-	11	-	-	-	2	13
-	-	-	-	-	(103)	(103)
(1,639)	(145)	(1)	(5)	(3)	(69)	(1,935)
(1,894)	-	(1)	(11)	(5)	(7)	(1,960)
(4,199)	17,555	65	103	383	160	16,039
(186,206)	167,408	(2,146)	(1,014)	1,492	(11,360)	(37,394)
118,601	-	5,378	-	-	-	123,979
214,882	-	384	5,000	3,741	231	233,912
(23,187)	(163,031)	(14)	(263)	(13)	(1,569)	(194,814)
124,090	4,377	3,602	3,723	5,220	(12,698)	125,683
308,068	33,907	57,335	83,722	238,391	146,525	1,237,527
105	11	(113)	-	-	39	86
(47,020)	(4,193)	(53)	(175)	(81)	(4,326)	(57,409)
261,153	29,725	57,169	83,547	238,310	142,238	1,180,204
$ 385,243	$ 34,102	$ 60,771	$ 87,270	$ 243,530	$ 129,540	$ 1,305,887

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015
(In Thousands)

	Veterans' Loan	Energy Loan	Business Development
Cash Flows from Operating Activities:			
Receipts from Customers	$ 1,298	$ 399	$ 54
Receipts from Other Funds for Services	1,868	-	-
Loan Principal Repayments	40,129	-	-
Loan Interest Received	10,546	-	-
Payments to Employees for Services	(4,519)	(475)	(476)
Payments to Suppliers	(3,276)	(137)	(35)
Payments to Other Funds for Services	(426)	(285)	(72)
Claims Paid	-	-	-
Loans Made	(62,160)	-	-
Distributions to Other Governments	-	-	-
Other Receipts (Payments)	1,522	(10,415)	2
Net Cash Provided (Used) in Operating Activities	(15,018)	(10,913)	(527)
Cash Flows from Noncapital Financing Activities:			
Proceeds from Bond/COP Sales	36,720	10,808	-
Principal Payments on Bonds/COPS	(30,615)	(27,920)	-
Principal Payments on Loans	(30)	(4)	(2)
Interest Payments on Bonds/COPS	(5,921)	(10,226)	-
Interest Payment on Loans	(51)	(7)	(4)
Bond/COP Issuance Costs	(1,180)	(260)	-
Repayments on Advances Received	-	-	-
Taxes and Assessments Received	-	-	-
Insurance Recoveries for Other than Capital Assets	-	-	-
Transfers from Other Funds	-	1,100	-
Transfers to Other Funds	(204)	(1,028)	(34)
Net Cash Provided (Used) in Noncapital Financing Activities	(1,281)	(27,537)	(40)
Cash Flows from Capital and Related Financing Activities:			
Principal Payments on Bonds/COPS	-	-	-
Interest Payments on Bonds/COPS	-	-	-
Other Interest Payments	-	-	-
Acquisition of Capital Assets	(112)	-	-
Payments on Capital Leases	-	-	-
Proceeds from Disposition of Capital Assets	-	-	-
Insurance Recoveries for Capital Assets	-	-	-
Capital Contributions	-	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	(112)	-	-
Cash Flows from Investing Activities:			
Interest on Investments and Cash Balances	1,198	156	107
Interest Income from Securities Lending	24	-	3
Interest Expense from Securities Lending	(12)	-	(1)
Loan Principal Repayments	-	23,462	6,100
Loan Interest Received	-	10,479	1,046
Loans Made	-	(227)	(3,862)
Net Cash Provided (Used) in Investing Activities	1,210	33,870	3,393
Net Increase (Decrease) in Cash and Cash Equivalents	(15,201)	(4,580)	2,826
Cash and Cash Equivalents - Beginning	191,099	34,976	18,997
Prior Period Adjustments Restating Beginning Cash Balances	-	-	-
Cash and Cash Equivalents - Ending	$ 175,898	$ 30,396	$ 21,823

Special Public Works	State Hospitals	Liquor Control	Veterans' Home	Water/ Wastewater Financing	Safe Drinking Water	Other	Total
$ -	$ 14,000	$ 549,681	$ 16,653	$ -	$ -	$ 253,764	$ 835,849
-	71,675	-	-	-	-	2,951	76,494
-	-	-	-	-	-	-	40,129
-	-	-	-	-	-	-	10,546
(1,456)	(231,033)	(17,800)	(496)	(753)	(287)	(21,467)	(278,762)
(163)	(52,567)	(328,217)	(19,816)	(64)	(3)	(23,464)	(427,742)
(245)	(2,137)	(6,581)	(1,087)	(130)	(4)	(1,935)	(12,902)
-	-	-	-	-	-	(219,438)	(219,438)
-	-	-	-	-	-	-	(62,160)
(762)	-	(59,063)	-	(2,061)	(183)	(298)	(62,367)
-	943	221	39	-	-	(27,425)	(35,113)
(2,626)	(199,119)	138,241	(4,707)	(3,008)	(477)	(37,312)	(135,466)
-	-	-	-	-	-	-	47,528
(5,835)	-	-	-	(1,360)	-	-	(65,730)
(7)	(945)	(84)	(1)	(3)	(2)	(39)	(1,117)
(2,700)	-	-	-	(1,348)	-	-	(20,195)
(11)	(1,639)	(145)	(2)	(5)	(3)	(67)	(1,934)
-	-	-	-	-	-	-	(1,440)
-	-	-	-	-	-	60	60
-	-	17,753	-	-	-	-	17,753
-	-	11	-	-	-	-	11
9,000	215,051	-	384	5,000	3,946	182	234,663
(5,497)	(9,595)	(162,886)	(14)	(263)	(13)	(994)	(180,528)
(5,050)	202,872	(145,351)	367	2,021	3,928	(858)	29,071
-	-	-	-	-	-	(1,443)	(1,443)
-	-	-	-	-	-	(20)	(20)
-	-	-	-	-	-	(103)	(103)
-	(44)	(744)	(5,506)	-	-	(1,098)	(7,504)
-	-	-	-	-	-	(320)	(320)
-	-	3	6	-	-	-	9
-	-	-	-	-	-	2	2
-	-	-	7,937	-	-	-	7,937
-	(44)	(741)	2,437	-	-	(2,982)	(1,442)
342	-	-	60	116	381	524	2,884
11	-	-	2	3	10	14	67
(5)	-	-	(1)	(2)	(5)	(7)	(33)
31,052	-	-	66	8,143	7,498	1,573	77,894
8,116	-	-	-	3,590	3,806	748	27,785
(5,409)	-	-	-	(9,878)	(8,107)	(396)	(27,879)
34,107	-	-	127	1,972	3,583	2,456	80,718
26,431	3,709	(7,851)	(1,776)	985	7,034	(38,696)	(27,119)
65,895	1,657	43,720	13,393	24,980	71,074	132,469	598,260
-	(20)	-	-	-	-	-	(20)
$ 92,326	$ 5,346	$ 35,869	$ 11,617	$ 25,965	$ 78,108	$ 93,773	$ 571,121

(continued on next page)

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015
(In Thousands)
(continued from previous page)

	Veterans' Loan	Energy Loan	Business Development
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (1,361)	$ (10,256)	$ 657
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	104	-	-
Amortization of Bond/COP Premium and Discount	-	(772)	-
Bad Debt Expense	-	3,000	197
Interest Receipts Reported as Operating Revenue	-	(10,479)	(1,046)
Interest Payments Reported as Operating Expense	5,913	10,226	-
Bond/COP Issuance Costs Reported as Operating Expense	1,180	260	-
Net Changes in Assets and Liabilities:			
Accounts and Interest Receivable (net)	(16)	511	69
Due from Other Funds	25	-	-
Due from Other Governments	-	-	-
Inventories	-	-	-
Prepaid Items	1	-	-
Foreclosed and Deeded Property	484	750	-
Loans Receivable (net)	(22,277)	-	-
Net Pension Asset	(1,651)	(262)	(219)
Accounts and Interest Payable	(26)	(195)	10
Due to Other Funds	-	-	19
Unearned Revenue	-	-	(351)
Matured Bonds/COPs and Coupons Payable	-	-	-
Compensated Absences Payable	34	(11)	3
Arbitrage Rebate Payable	981	-	-
Custodial Liabilities	579	(3,854)	-
Net Contracts, Mortgages and Notes Payable	-	-	-
Net OPEB Obligation	4	-	-
(Increase)/Decrease in Deferred Outflows of Resources			
Loss on Refunding	-	9	-
Contributions Subsequent to the Measurement Date	37	6	5
Change in Employer Contribution & Proportion	(9)	(1)	(1)
Increase/(Decrease) in Deferred Inflows of Resources			
Investment Earnings Difference	980	155	130
Total Adjustments	(13,657)	(657)	(1,184)
Net Cash Provided (Used) by Operating Activities	$ (15,018)	$ (10,913)	$ (527)
Noncash Investing and Capital and Related Financing Activities:			
Net Change in Fair Value of Investments	$ 152	$ -	$ -
Capital Assets Transferred from Governmental Funds	-	-	-
Capital Assets Transferred to Governmental Funds	-	-	-
Capital Assets Contributed	-	-	-
Foreclosed Property	197	-	-

Special Public Works	State Hospitals	Liquor Control	Veterans' Home	Water/ Wastewater Financing	Safe Drinking Water	Other	Total
$ 3,420	$ (182,007)	$ 149,853	$ (2,211)	$ (1,117)	$ 1,109	$ (11,520)	$ (53,433)
-	8,893	875	937	-	-	2,083	12,892
-	-	-	-	-	-	(6)	(778)
-	-	-	-	-	-	-	3,197
(8,116)	-	-	-	(3,590)	(3,806)	(748)	(27,785)
2,700	-	-	-	1,348	-	20	20,207
-	-	-	-	-	-	-	1,440
(150)	5,591	(391)	(1,247)	79	(172)	(20,253)	(15,979)
(6)	(3,873)	-	4	(3)	-	308	(3,545)
-	-	-	-	-	-	(80)	(80)
-	31	(1,206)	-	-	-	(230)	(1,405)
-	-	-	-	-	-	(106)	(105)
-	-	-	-	-	-	-	1,234
(263)	-	-	-	375	2,447	-	(19,718)
(648)	(83,732)	(7,467)	(94)	(312)	(144)	(7,704)	(102,233)
29	495	(8,271)	(885)	12	2	(7,013)	(15,842)
(3)	3,194	-	(28)	-	-	233	3,415
-	-	25	60	-	-	-	(266)
-	-	-	-	-	-	(1)	(1)
14	921	76	23	9	(1)	53	1,121
-	-	-	-	-	-	-	981
-	(4)	170	3	-	-	2,934	(172)
-	-	-	(1,327)	-	-	-	(1,327)
1	252	19	1	1	-	14	292
-	-	-	-	-	-	-	9
15	1,888	168	2	7	3	174	2,305
(4)	(461)	(41)	(1)	(2)	(1)	(42)	(563)
385	49,693	4,431	56	185	86	4,572	60,673
(6,046)	(17,112)	(11,612)	(2,496)	(1,891)	(1,586)	(25,792)	(82,033)
$ (2,626)	$ (199,119)	$ 138,241	$ (4,707)	$ (3,008)	$ (477)	$ (37,312)	$ (135,466)
$ 153	$ -	$ -	$ -	$ -	$ -	$ -	$ 305
-	118,601	-	-	-	-	-	118,601
-	1,894	-	-	-	-	-	1,894
-	-	-	-	-	-	41	41
-	-	-	-	-	-	-	197

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Internal Service Funds

Internal Service Funds account for goods and services provided by state agencies or departments to other state agencies or departments and to other governmental units on a cost-reimbursement basis.

Central Services Fund

This fund accounts for activities to provide various services to state agencies. These services include accounting, budgeting, personnel, mail and shuttle, purchasing, printing, copy center, data center, property development, telecommunications, motor pool, and an insurance fund.

Legal Services Fund

This fund accounts for activities of the Department of Justice Attorney General's office to represent and advise the State's elected and appointed officials, agencies, boards, and commissions.

Banking Services Fund

This fund accounts for activities of the Office of the State Treasurer to provide banking, investment, and debt management services to state agencies.

Audit Services Fund

This fund accounts for activities of the Secretary of State, Audits Division, to provide independent auditing services to state agencies.

Forestry Services Fund

This fund accounts for activities of the Department of Forestry to operate an equipment and maintenance pool that provides transportation, heavy equipment, and aircraft support for operating programs and other state agencies.

Health Services Fund

This fund accounts, primarily, for the activities of the Public Employees' Benefit Board, through the Oregon Health Authority, to provide health care benefits and related services for the employees of state agencies.

Other Internal Service Funds

This fund accounts for the sale of goods and services to other governmental units through activities not specifically accounted for in another internal service fund.

Combining Statement of Net Position
Internal Service Funds
June 30, 2015
(In Thousands)

	Central Services	Legal Services	Banking Services
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 96,425	$ 12,624	$ 11,427
Securities Lending Collateral	22,247	746	674
Accounts and Interest Receivable (net)	33,365	9,256	3,282
Due from Other Funds	29	3,115	91
Inventories	817	63	-
Prepaid Items	910	-	-
Total Current Assets	153,793	25,804	15,474
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	5,974	-	-
Investments - Restricted	79,820	-	-
Advances to Other Funds	549	-	-
Net Contracts, Notes, and Other Receivables	-	1	-
Loans Receivable (net)	11	-	-
Net Pension Asset	8,699	7,910	1,598
Capital Assets:			
Land	10,358	-	-
Buildings, Property, and Equipment	612,719	5,444	2,204
Construction in Progress	4,553	418	-
Infrastructure	779	-	-
Works of Art and Other Nondepreciable Assets	215	-	-
Less Accumulated Depreciation and Amortization	(347,026)	(4,054)	(1,920)
Total Noncurrent Assets	376,651	9,719	1,882
Total Assets	530,444	35,523	17,356
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	2,168	-	-
Related to Pensions	3,220	2,927	592
Total Deferred Outflows of Resources	5,388	2,927	592
LIABILITIES			
Current Liabilities:			
Accounts and Interest Payable	15,386	1,245	1,072
Obligations Under Securities Lending	22,247	746	674
Due to Other Funds	7	107	177
Unearned Revenue	77	8	-
Compensated Absences Payable	3,377	3,195	570
Claims and Judgments Payable	29,655	-	-
Custodial Liabilities	3,039	8	-
Contracts, Mortgages and Notes Payable	614	303	52
Bonds/COPs Payable	9,301	-	-
Obligations Under Capital Lease	1,579	15	-
Total Current Liabilities	85,282	5,627	2,545
Noncurrent Liabilities:			
Compensated Absences Payable	1,740	1,646	294
Claims and Judgments Payable	145,994	-	-
Custodial Liabilities	3,271	-	-
Contracts, Mortgages, and Notes Payable	8,436	7,437	1,279
Bonds/COPs Payable	74,671	-	-
Obligations Under Capital Lease	2,246	5	-
Advances from Other Funds	88	-	-
Net OPEB Obligation	1,205	924	131
Total Noncurrent Liabilities	237,651	10,012	1,704
Total Liabilities	322,933	15,639	4,249
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	16,786	15,262	3,084
Total Deferred Inflows of Resources	16,786	15,262	3,084
NET POSITION			
Net Investment in Capital Assets	195,969	1,788	284
Unrestricted	144	5,761	10,331
Total Net Position	$ 196,113	$ 7,549	$ 10,615

Audit Services	Forestry Services	Health Services	Other	Total
$ 1,990	$ 9,344	$ 447,974	$ 3,494	$ 583,278
117	558	27,013	206	51,561
293	897	347	234	47,674
-	80	20,340	-	23,655
-	143	21	7	1,051
52	-	-	-	962
2,452	11,022	495,695	3,941	708,181
-	-	-	-	5,974
-	-	-	-	79,820
-	-	-	-	549
-	-	-	-	1
-	-	-	-	11
832	252	11,539	-	30,830
-	-	-	-	10,358
463	21,053	97	6,979	648,959
9	54	-	-	5,034
-	-	-	-	779
-	-	-	-	215
(444)	(14,697)	(72)	(3,911)	(372,124)
860	6,662	11,564	3,068	410,406
3,312	17,684	507,259	7,009	1,118,587
-	-	-	-	2,168
308	93	4,271	-	11,411
308	93	4,271	-	13,579
52	351	24,986	150	43,242
117	558	27,013	206	51,561
-	7	19,812	21	20,131
-	-	-	-	85
227	84	4,169	-	11,622
-	-	-	-	29,655
-	-	223	-	3,270
31	9	8	-	1,017
-	-	-	-	9,301
-	-	-	-	1,594
427	1,009	76,211	377	171,478
117	43	2,148	-	5,988
-	-	63,863	-	209,857
-	-	-	-	3,271
759	229	206	-	18,346
-	-	-	-	74,671
-	-	-	-	2,251
-	-	-	-	88
96	45	189	-	2,590
972	317	66,406	-	317,062
1,399	1,326	142,617	377	488,540
1,605	487	22,266	-	59,490
1,605	487	22,266	-	59,490
28	6,410	25	3,068	207,572
588	9,554	346,622	3,564	376,564
$ 616	$ 15,964	$ 346,647	$ 6,632	$ 584,136

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2015
(In Thousands)

	Central Services	Legal Services	Banking Services
OPERATING REVENUES:			
Rebates and Recoveries	$ 448	$ 4	$ 6
Charges for Services	229,778	78,774	21,405
Fines, Forfeitures, and Penalties	-	60	-
Rents and Royalties	43,933	-	-
Sales	2,592	45	-
Other	1,737	23	-
Total Operating Revenues	278,488	78,906	21,411
OPERATING EXPENSES:			
Salaries and Wages	56,400	51,288	10,120
Services and Supplies	175,265	10,280	7,596
Cost of Goods Sold	10,137	-	-
Special Payments	-	-	-
Bond and COP Interest	3,693	-	-
Depreciation and Amortization	23,847	417	47
Total Operating Expenses	269,342	61,985	17,763
Operating Income (Loss)	9,146	16,921	3,648
NONOPERATING REVENUES (EXPENSES):			
Investment Income (Loss)	2,451	-	-
Gain (Loss) on Disposition of Assets	(2,293)	-	(2)
Insurance Recovery	274	-	-
Loan Interest Income	36	-	-
Loan Interest Expense	(104)	(2)	-
Other Interest Expense	(596)	(525)	(90)
Other Nonoperating Items	(58)	-	-
Total Nonoperating Revenues (Expenses)	(290)	(527)	(92)
Income (Loss) Before Contributions, Special Items, Extraordinary Items and Transfers	8,856	16,394	3,556
Capital Contributions	14,095	-	-
Transfers from Other Funds	14,420	-	1,558
Transfers to Other Funds	(11,778)	(2,800)	(908)
Change in Net Position	25,593	13,594	4,206
Net Position - Beginning	186,251	8,305	9,359
Prior Period Adjustments	152	91	(32)
Cumulative Effect of Change in Accounting Principles	(15,883)	(14,441)	(2,918)
Net Position - Beginning - As Restated	170,520	(6,045)	6,409
Net Position - Ending	$ 196,113	$ 7,549	$ 10,615

Audit Services	Forestry Services	Health Services	Other	Total
$ -	$ -	$ -	$ 4	$ 462
11,097	2,469	800,560	1,314	1,145,397
-	-	-	-	60
-	6,328	-	-	50,261
-	339	-	8	2,984
-	-	12,854	260	14,874
11,097	9,136	813,414	1,586	1,214,038
5,276	1,574	97,246	-	221,904
1,984	3,174	673,955	1,077	873,331
-	-	-	-	10,137
-	-	4,484	-	4,484
-	-	-	-	3,693
-	1,493	10	469	26,283
7,260	6,241	775,695	1,546	1,139,832
3,837	2,895	37,719	40	74,206
-	-	2,409	-	4,860
-	214	-	4	(2,077)
-	11	-	13	298
-	-	-	-	36
-	-	-	-	(106)
(54)	(16)	(15)	-	(1,296)
-	-	(135)	-	(193)
(54)	209	2,259	17	1,522
3,783	3,104	39,978	57	75,728
-	-	-	-	14,095
-	156	-	-	16,134
(3,201)	(814)	(4,507)	(132)	(24,140)
582	2,446	35,471	(75)	81,817
1,549	13,978	333,845	6,707	559,994
4	1	(1,600)	-	(1,384)
(1,519)	(461)	(21,069)	-	(56,291)
34	13,518	311,176	6,707	502,319
$ 616	$ 15,964	$ 346,647	$ 6,632	$ 584,136

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015
(In Thousands)

	Central Services	Legal Services
Cash Flows from Operating Activities:		
Receipts from Customers	$ 48,047	$ 7,527
Receipts from Other Funds for Services	214,354	74,692
Payments to Employees for Services	(70,429)	(61,004)
Payments to Suppliers	(60,596)	(7,280)
Payments to Other Funds for Services	(42,802)	(7,909)
Claims Paid	(49,657)	-
Other Receipts (Payments)	36,527	91
Net Cash Provided (Used) in Operating Activities	75,444	6,117
Cash Flows from Noncapital Financing Activities:		
Principal Payments on Loans	(386)	(303)
Interest Payments on Loans	(700)	(525)
Transfers from Other Funds	265	-
Transfers to Other Funds	(21,138)	(2,800)
Net Cash Provided (Used) in Noncapital Financing Activities	(21,959)	(3,628)
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Bond/COP Sales	1,265	-
Principal Payments on Bonds/COPs	(12,358)	-
Interest Payments on Bonds/COPs	(3,599)	-
Interest Payments on Loans	-	(2)
Acquisition of Capital Assets	(16,510)	(392)
Payments on Capital Leases	(2,765)	-
Proceeds from Disposition of Capital Assets	688	-
Insurance Recoveries for Capital Assets	274	-
Net Cash Provided (Used) in Capital and Related Financing Activities	(33,005)	(394)
Cash Flows from Investing Activities:		
Purchases of Investments	(15,473)	-
Proceeds from Sales and Maturities of Investments	4,938	-
Interest on Investments and Cash Balances	2,494	-
Interest Income from Securities Lending	18	-
Interest Expense from Securities Lending	(9)	-
Loan Principal Repayments	40	-
Loan Interest Received	36	-
Net Cash Provided (Used) in Investing Activities	(7,956)	-
Net Increase (Decrease) in Cash and Cash Equivalents	12,524	2,095
Cash and Cash Equivalents - Beginning	89,875	10,478
Prior Period Adjustments Restating Beginning Cash Balances	-	51
Cash and Cash Equivalents - Ending	$ 102,399	$ 12,624

Banking Services	Audit Services	Forestry Services	Health Services	Other	Total
$ -	$ -	$ -	$ -	$ -	$ 55,574
20,621	11,672	9,122	982,213	1,636	1,314,310
(12,124)	(6,330)	(1,924)	(111,233)	-	(263,044)
(6,915)	(1,333)	(2,355)	(230,026)	(1,093)	(309,598)
(962)	(617)	(657)	(33,050)	-	(85,997)
-	-	-	(597,698)	-	(647,355)
(37)	-	-	5,823	-	42,404
583	3,392	4,186	16,029	543	106,294
(52)	(31)	(9)	(8)	-	(789)
(90)	(54)	(16)	(16)	-	(1,401)
1,125	-	76	-	-	1,466
(293)	(3,201)	(807)	(4,452)	(144)	(32,835)
690	(3,286)	(756)	(4,476)	(144)	(33,559)
-	-	-	-	-	1,265
-	-	-	-	-	(12,358)
-	-	-	-	-	(3,599)
-	-	-	-	-	(2)
(273)	(28)	(2,224)	(138)	(835)	(20,400)
-	-	-	-	-	(2,765)
-	-	266	-	34	988
-	-	11	-	13	298
(273)	(28)	(1,947)	(138)	(788)	(36,573)
-	-	-	-	-	(15,473)
-	-	-	-	-	4,938
-	-	-	2,357	-	4,851
-	-	-	-	-	18
-	-	-	-	-	(9)
-	-	-	-	-	40
-	-	-	-	-	36
-	-	-	2,357	-	(5,599)
1,000	78	1,483	13,772	(389)	30,563
10,466	1,912	7,861	435,802	3,883	560,277
(39)	-	-	(1,600)	-	(1,588)
$ 11,427	$ 1,990	$ 9,344	$ 447,974	$ 3,494	$ 589,252

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Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015
(In Thousands)
(continued from previous page)

	Central Services	Legal Services
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating Income (Loss)	$ 9,146	$ 16,921
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	23,847	417
Amortization of Bond/COP Premium and Discount	(994)	-
Amortization of Loss on Refunding	1,080	-
Interest Payments Reported as Operating Expense	3,599	-
Net Changes in Assets and Liabilities:		
Accounts and Interest Receivable (net)	6,272	(854)
Due from Other Funds	1,992	(726)
Inventories	168	(7)
Prepaid Items	(528)	-
Net Contracts, Notes and Other Receivables	-	1
Net Pension Asset	(28,285)	(25,717)
Accounts and Interest Payable	684	302
Due to Other Funds	(1,991)	85
Unearned Revenue	(17,702)	(187)
Compensated Absences Payable	113	129
Claims and Judgments Payable	28,310	-
Custodial Liabilities	32,321	3
Contracts, Mortgages and Notes Payable	76	-
Net OPEB Obligation	68	49
(Increase)/Decrease in Deferred Outflows of Resources:		
Contributions Subsequent to the Measurement Date	638	580
Change in Employer Contribution & Proportion	(156)	(141)
Increase/(Decrease) in Deferred Inflows of Resources:		
Investment Earnings Difference	16,786	15,262
Total Adjustments	66,298	(10,804)
Net Cash Provided (Used) by Operating Activities	$ 75,444	$ 6,117
Noncash Investing and Capital and Related Financing Activities:		
Net Change in Fair Value of Investments	$ (139)	$ -
Capital Assets Transferred from Governmental Funds	14,095	-
Capital Assets Transferred to Governmental Funds	49	-
Advanced Debt Refundings Deposited with Escrow Agent	1,259	-
Capital Leases Entered into During the Year	3,597	-

Banking Services	Audit Services	Forestry Services	Health Services	Other	Total
$ 3,648	$ 3,837	$ 2,895	$ 37,719	$ 40	$ 74,206
47	-	1,493	10	469	26,283
-	-	-	-	-	(994)
-	-	-	-	-	1,080
-	-	-	-	-	3,599
(1,277)	582	(1)	(343)	56	4,435
-	-	-	(20,340)	-	(19,074)
8	-	241	(22)	2	390
-	15	-	-	-	(513)
-	-	-	-	-	1
(5,197)	(2,705)	(820)	(37,519)	-	(100,243)
130	20	(82)	204	(24)	1,234
-	-	-	15,174	-	13,268
-	-	-	-	-	(17,889)
44	(13)	(42)	588	-	819
-	-	-	(2,655)	-	25,655
-	-	-	200	-	32,524
-	-	-	-	-	76
8	5	2	107	-	239
117	61	18	846	-	2,260
(29)	(15)	(5)	(206)	-	(552)
3,084	1,605	487	22,266	-	59,490
(3,065)	(445)	1,291	(21,690)	503	32,088
$ 583	$ 3,392	$ 4,186	$ 16,029	$ 543	$ 106,294
$ -	$ -	$ -	$ -	$ -	$ (139)
-	-	-	-	-	14,095
-	-	-	103	-	152
-	-	-	-	-	1,259
-	-	-	-	-	3,597

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Fiduciary Funds

Combining Pension and Other Employee Benefit Trust Funds

Pension Trust Funds

Pension trust funds account for the transactions, assets, liabilities, and net position held in trust for public employees by the Public Employees Retirement System (PERS) for the payment of retirement, disability, and death benefits to members of the retirement system.

Public Employees Defined Benefit Pension Plan Fund

This fund accounts for the activities of the defined benefit retirement plan for units of state government, political subdivisions, community colleges, and school districts. Also included in this fund are the activities of the defined benefit portion of the Oregon Public Service Retirement Plan (OPSRP). Public employees hired on or after August 29, 2003, as well as inactive PERS members who return to employment following a six-month or greater break in service, participate in the OPSRP pension program. The plan is administered by the Public Employees Retirement Board under Oregon Revised Statutes, Chapter 238, and Section 401(a) of the Internal Revenue Code.

Individual Account Program Defined Contribution Pension Plan Fund

This fund accounts for the activities of the defined contribution portion of the Oregon Public Service Retirement Plan (OPSRP). Beginning January 1, 2004, PERS member contributions, account earnings and losses, as well as administrative costs of the plan, are reflected in this fund. The OPSRP is administered by the Public Employees Retirement System.

Other Employee Benefit Trust Funds

Other employee benefit trust funds account for the transactions, assets, liabilities, and net position held in trust for public employees by the Public Employees Retirement System (PERS) for the payment of postemployment healthcare benefits and deferred compensation to members of the retirement system.

Retirement Health Insurance Account (RHIA) OPEB Plan Fund

This fund accounts for the activities of the RHIA cost-sharing, multiple-employer other postemployment benefit (OPEB) plan administered by PERS for units of state government, political subdivisions, community colleges, and school districts. The RHIA is a defined benefit OPEB plan established pursuant to section 401(h) of the Internal Revenue Code. The plan authorizes a payment of up to $60 towards the monthly cost of health insurance for eligible PERS members participating in PERS-sponsored health insurance plans. Employer contributions, investment income, healthcare premium subsidy payments, and administrative costs are accounted for within this fund.

Retiree Health Insurance Premium Account (RHIPA) OPEB Plan Fund

This fund accounts for the activities of the RHIPA single-employer OPEB plan administered by PERS. The RHIPA is a defined benefit OPEB plan established pursuant to Section 401(h) of the Internal Revenue Code. The plan authorizes payment to eligible retired state employees of the average difference between the health insurance premiums paid by retirees under contracts entered into by the PERS Board and health insurance premiums paid by state employees who are not retired. Employer contributions, investment income, healthcare premium subsidy payments, and administrative costs are accounted for within this fund.

Deferred Compensation Plan Fund

This fund accounts for the activities of the Oregon Savings Growth Plan, an Internal Revenue Code Section 457 deferred compensation plan, offered to employees of the State and administered by the Public Employees Retirement System.

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2015
(In Thousands)

	Pension Trust Funds	
	Public Employees Defined Benefit Pension Plan	Individual Account Program Defined Contribution Pension Plan
ASSETS		
Cash and Cash Equivalents	$ 2,798,797	$ 333,171
Investments:		
Fixed Income	13,893,039	1,507,161
Public Equity	26,092,490	2,751,929
Real Estate	6,958,606	754,892
Private Equity	13,412,457	1,455,026
Alternative Equity	1,343,349	145,731
Opportunity Portfolio	963,062	104,476
Total Investments	62,663,003	6,719,215
Securities Lending Collateral	1,502,082	163,078
Receivables:		
Employer Contributions	44,691	-
Plan Member Contributions	-	14,350
Interest and Dividends	284,839	31,417
Member Loans	-	-
Investment Sales	887,962	88,197
Transitional Liability	576,226	-
From Other Funds	1,436	5,056
Total Receivables	1,795,154	139,020
Prepaid Items	5,802	-
Capital Assets (net of $19,233 accumulated depreciation):		
Land	944	-
Buildings, Property, and Equipment	33,595	311
Total Assets	68,799,377	7,354,795
LIABILITIES		
Accounts and Interest Payable	2,258,427	208,607
Obligations Under Securities Lending	1,504,104	163,297
Due to Other Funds	5,607	883
Unearned Revenue	451	-
Custodial Liabilities	105,389	11,969
Bonds/COPs Payable	1,315	-
Net OPEB Obligation	458	99
Total Liabilities	3,875,751	384,855
NET POSITION		
Restricted - Held in Trust for:		
Pension Benefits	64,923,626	6,969,940
Other Postemployment Benefits	-	-
Other Employee Benefits	-	-
Total Net Position	$ 64,923,626	$ 6,969,940

Other Employee Benefit Trust Funds			
Other Postemployment Benefits			
Retirement Health Insurance Account OPEB Plan	Retiree Health Insurance Premium Account OPEB Plan	Deferred Compensation Plan	Total
$ 22,568	$ 915	$ 52,326	$ 3,207,777
90,865	1,620	216,870	15,709,555
165,910	2,958	1,259,920	30,273,207
45,511	812	-	7,759,821
87,721	1,564	-	14,956,768
8,786	157	-	1,498,023
6,299	112	-	1,073,949
405,092	7,223	1,476,790	71,271,323
9,845	179	11	1,675,195
2,912	598	-	48,201
-	-	-	14,350
1,863	33	302	318,454
-	-	11,243	11,243
5,357	160	98	981,774
-	-	-	576,226
464	87	-	7,043
10,596	878	11,643	1,957,291
31	1	-	5,834
-	-	-	944
-	-	-	33,906
448,132	9,196	1,540,770	78,152,270
15,226	224	578	2,483,062
9,858	179	11	1,677,449
114	26	149	6,779
-	-	129	580
5	-	-	117,363
-	-	-	1,315
2	1	15	575
25,205	430	882	4,287,123
-	-	-	71,893,566
422,927	8,766	-	431,693
-	-	1,539,888	1,539,888
$ 422,927	$ 8,766	$ 1,539,888	$ 73,865,147

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2015
(In Thousands)

	Pension Trust Funds	
	Public Employees Defined Benefit Pension Plan	**Individual Account Program Defined Contribution Pension Plan**
ADDITIONS		
Contributions:		
Employer	$ 1,123,256	$ -
Plan Members	13,785	563,418
Total Contributions	1,137,041	563,418
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	1,460,398	176,976
Interest, Dividends and Other Investment Income	1,393,441	152,895
Total Investment Income	2,853,839	329,871
Less Investment Expense	491,322	53,746
Net Investment Income	2,362,517	276,125
Other Income	1,963	825
Total Additions	3,501,521	840,368
DEDUCTIONS		
Benefits	3,921,123	319,979
Death Benefits	6,044	-
Contributions Refunded	16,481	-
Healthcare Premium Subsidies	-	-
Administrative Expenses	35,740	7,566
Total Deductions	3,979,388	327,545
Change in Net Position Held in Trust For:		
Pension Benefits	(477,867)	512,823
Other Postemployment Benefits	-	-
Other Employee Benefits	-	-
Net Position - Beginning	65,401,493	6,457,117
Net Position - Ending	$ 64,923,626	$ 6,969,940

Other Employee Benefit Trust Funds			
Other Postemployment Benefits			
Retirement Health Insurance Account OPEB Plan	Retiree Health Insurance Premium Account OPEB Plan	Deferred Compensation Plan	Total
$ 53,649	$ 6,887	$ -	$ 1,183,792
-	-	99,797	677,000
53,649	6,887	99,797	1,860,792
9,928	178	23,761	1,671,241
8,829	141	26,723	1,582,029
18,757	319	50,484	3,253,270
3,150	52	2,980	551,250
15,607	267	47,504	2,702,020
-	-	1,113	3,901
69,256	7,154	148,414	4,566,713
-	-	84,178	4,325,280
-	-	-	6,044
-	-	-	16,481
31,923	4,231	-	36,154
1,279	189	1,018	45,792
33,202	4,420	85,196	4,429,751
-	-	-	34,956
36,054	2,734	-	38,788
-	-	63,218	63,218
386,873	6,032	1,476,670	73,728,185
$ 422,927	$ 8,766	$ 1,539,888	$ 73,865,147

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Fiduciary Funds

Combining Investment Trust Funds

Investment trust funds account for the portion of cash and investment pools managed by the Oregon State Treasury belonging to entities other than the State.

Short Term Investment Trust Fund

This fund is an investment trust fund, accounting for the portion of the Oregon Short-Term Fund (OSTF) belonging to entities other than the State. The OSTF is a cash and investment pool, managed by the Oregon State Treasury, which is available for use by all funds and local governments. Oregon reports the State's portion of this pool within the funds of the State

Intermediate Term Investment Trust Fund

This fund is an investment trust fund, accounting for the portions of the Oregon Intermediate Term Pool (OITP) belonging to entities other than the State. The OITP is an intermediate term fixed income investment vehicle managed by the Oregon State Treasury, participants include several state agencies and one non-agency entity. State agencies have the opportunity to participate in the OITP subject to application requiring evidence of statutory authority to invest in the OITP and subsequent approval by the Oregon State Treasury. Oregon reports the State's portion of this pool within the funds of the State.

Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2015
(In Thousands)

	Short Term Investment Trust	Intermediate Term Investment Trust	Total
ASSETS			
Cash and Cash Equivalents	$ 5,453,964	$ 635	$ 5,454,599
Investments:			
Fixed Income	-	30,775	30,775
Total Investments	-	30,775	30,775
Securities Lending Collateral	167,994	2,373	170,367
Receivables:			
Interest and Dividends	6,920	118	7,038
Loans	6,422	-	6,422
Total Receivables	13,342	118	13,460
Total Assets	5,635,300	33,901	5,669,201
LIABILITIES			
Accounts and Interest Payable	16,767	-	16,767
Obligations Under Securities Lending	167,994	2,373	170,367
Total Liabilities	184,761	2,373	187,134
NET POSITION			
Restricted - Held in Trust for:			
External Investment Pool Participants	5,450,539	31,528	5,482,067
Total Net Position	$ 5,450,539	$ 31,528	$ 5,482,067

Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2015
(In Thousands)

	Short Term Investment Trust	Intermediate Term Investment Trust	Total
ADDITIONS			
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	$ (7,190)	$ (65)	$ (7,255)
Interest, Dividends and Other Investment Income	38,675	545	39,220
Total Investment Income	31,485	480	31,965
Less Investment Expense	2,754	15	2,769
Net Investment Income	28,731	465	29,196
Share Transactions:			
Participant Contributions	14,870,298	-	14,870,298
Participant Withdrawals	14,630,978	-	14,630,978
Net Share Transactions	239,320	-	239,320
Total Additions	268,051	465	268,516
DEDUCTIONS			
Distribution to Participants	32,474	-	32,474
Total Deductions	32,474	-	32,474
Change in Net Position Held in Trust For:			
External Investment Pool Participants	235,577	465	236,042
Net Position - Beginning	5,214,962	31,063	5,246,025
Net Position - Ending	$ 5,450,539	$ 31,528	$ 5,482,067

Agency Fund

The Agency Fund accounts for assets held by the State as an agent for other governmental units, organizations, or individuals. For example, the Department of Consumer and Business Services holds deposits and investments to secure the faithful performance by insurers of insurance company obligations, including claims due to policyholders. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not measure the results of operations.

Combining Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2015
(In Thousands)

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Custodial Assets	$ 1,326,012	$ 2,226,508	$ 2,195,515	$ 1,357,005
Accounts and Interest Receivable	4,826	1,020	1,281	4,565
Net Contracts, Notes, and Other Receivables	70,574	9,739	8,959	71,354
Receivership Assets	68,878	-	2,060	66,818
Total Assets	$ 1,470,290	$ 2,237,267	$ 2,207,815	$ 1,499,742
LIABILITIES				
Accounts and Interest Payable	$ 4	$ 774,129	$ 774,130	$ 3
Due to Other Governments	6,345	6,697	6,345	6,697
Custodial Liabilities	1,463,941	1,841,295	1,812,194	1,493,042
Total Liabilities	$ 1,470,290	$ 2,622,121	$ 2,592,669	$ 1,499,742

Nonmajor Discretely Presented Component Units

Component units are legally separate entities for which the primary government is financially accountable or entities that warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government. The State reports discretely presented component units in a separate column in the government-wide financial statements to emphasize they are legally separate from the State.

Oregon Health and Science University

The Oregon Health and Science University (OHSU) is a governmental entity performing governmental functions and exercising governmental powers. OHSU is an independent public corporation governed by a board of directors appointed by the Governor and confirmed by the Senate. As an academic health center, OHSU provides education and training to healthcare professionals, conducts biomedical research, and provides patient care and public service. It is financed primarily through patient service fees, government grants and contracts, tuition charges, and other incidental fees. OHSU also receives General Fund moneys from the State. OHSU uses proprietary fund accounting principles.

Oregon University System Foundations

The Oregon University System (OUS) Foundations are not-for-profit corporations that provide assistance in fundraising, public outreach, and other support for Oregon's four public universities. The OUS foundations report under Financial Accounting Standards Board (FASB) Accounting Standards Codification 958, *Not-for-Profit Entities* (ASC 958). The OUS foundations are component units of the Oregon University System, a proprietary fund of the State, because the majority of resources that each foundation holds and invests can only be used by, or for the benefit of, the OUS universities. Combined, the foundations are discretely presented as a component unit of the State.

Oregon Affordable Housing Assistance Corporation

The Oregon Affordable Housing Assistance Corporation (OAHAC) is an Oregon not-for-profit public benefit corporation. The director of the Oregon Housing and Community Services Department (OHCSD) appoints two of the five OAHAC board members and approves the candidacy of the remaining at-large members. The at-large directors may be removed at any time by a vote of two-thirds or more of the directors then in office, and the government directors may be removed at any time by the director of OHCSD.

The primary purpose of OAHAC is to administer programs targeted to help prevent or mitigate the impact of foreclosures on low and moderate income persons; to help stabilize housing markets in Oregon; to provide resources of affordable or subsidized housing; to develop and administer programs related to housing permitted under the Emergency Economic Stabilization Act of 2008 (EESA), as amended; and act as an institution eligible to receive Troubled Asset Relief Program (TARP) funds under EESA. Currently, OAHAC administers Oregon's share of the Hardest Hit Fund programs, which are part of TARP. OAHAC reports on a fiscal year ended December 31 and has adopted ASC 958. The December 31, 2014, financial information of OAHAC is included in this report.

Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
June 30, 2015
(In Thousands)

	Oregon Health and Science University	Oregon University System Foundations	Oregon Affordable Housing Assistance Corporation	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 195,290	$ 3,349	$ 29,459	$ 228,098
Cash and Cash Equivalents - Restricted	4,017	-	-	4,017
Investments	179,728	-	-	179,728
Accounts and Interest Receivable (net)	429,216	-	-	429,216
Pledges, Contributions, and Grants Receivable (net)	45,568	872	-	46,440
Due from Other Governments	2,504	-	-	2,504
Inventories	19,963	-	-	19,963
Prepaid Items	27,769	1,109	450	29,328
Total Current Assets	904,055	5,330	29,909	939,294
Noncurrent Assets:				
Cash and Cash Equivalents - Restricted	253	-	-	253
Investments	652,309	-	-	652,309
Investments - Restricted	560,552	71,924	-	632,476
Net Contracts, Notes and Other Receivables	36,556	-	22,308	58,864
Pledges, Contributions, and Grants Receivable (net)	159,367	-	-	159,367
Net Pension Assets	96,652	-	-	96,652
Capital Assets:				
Land	72,436	2,250	-	74,686
Buildings, Property, and Equipment	2,743,504	1,397	-	2,744,901
Construction in Progress	54,307	-	-	54,307
Less Accumulated Depreciation and Amortization	(1,341,991)	(200)	-	(1,342,191)
Total Noncurrent Assets	3,033,945	75,371	22,308	3,131,624
Total Assets	3,938,000	80,701	52,217	4,070,918
DEFERRED OUTFLOWS OF RESOURCES				
Hedging Derivatives	12,498	-	-	12,498
Loss on Refunding	2,758	-	-	2,758
Related to Pensions	37,750	-	-	37,750
Total Deferred Outflows of Resources	53,006	-	-	53,006
LIABILITIES				
Current Liabilities:				
Accounts and Interest Payable	245,493	773	178	246,444
Due to Other Governments	1,227	-	22,308	23,535
Due to Primary Government	1,459	222	-	1,681
Unearned Revenue	45,128	210	29,731	75,069
Compensated Absences Payable	68,559	-	-	68,559
Claims and Judgments Payable	28,775	-	-	28,775
Contracts, Mortgages, and Notes Payable	1,966	-	-	1,966
Bonds/COPs Payable	14,700	-	-	14,700
Obligations Under Capital Lease	1,038	-	-	1,038
Total Current Liabilities	408,345	1,205	52,217	461,767
Noncurrent Liabilities:				
Obligations Under Life Income Agreements	30,307	1,954	-	32,261
Claims and Judgments Payable	30,730	-	-	30,730
Custodial Liabilities	69,043	-	-	69,043
Contracts, Mortgages, and Notes Payable	25,474	1,004	-	26,478
Bonds/COPs Payable	654,396	-	-	654,396
Obligations Under Capital Lease	5,092	-	-	5,092
Advances from Primary Government	37,774	-	-	37,774
Net OPEB Obligation	8,222	-	-	8,222
Derivative Instrument Liabilities	13,951	-	-	13,951
Total Noncurrent Liabilities	874,989	2,958	-	877,947
Total Liabilities	1,283,334	4,163	52,217	1,339,714
DEFERRED INFLOWS OF RESOURCES				
Gain on Refunding	3,402	-	-	3,402
Related to Pensions	187,801	-	-	187,801
Total Deferred Inflows of Resources	191,203	-	-	191,203
Net Position				
Net Investment in Capital Assets	820,360	-	-	820,360
Restricted-Nonexpendable	204,601	64,136	-	268,737
Restricted for:				
Education	574,712	-	-	574,712
Unrestricted	916,796	12,402	-	929,198
Total Net Position	$ 2,516,469	$ 76,538	$ -	$ 2,593,007

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Discretely Presented Component Units
For the Year Ended June 30, 2015
(In Thousands)

	Oregon Health and Science University	Oregon University System Foundations	Oregon Affordable Housing Assistance Corporation	Total
Operating Revenues:				
Federal Revenue	$ -	$ -	$ 31,657	$ 31,657
Charges for Services	1,874,767	-	-	1,874,767
Investment Income (net)	-	506	-	506
Gifts, Grants, and Contracts	570,444	1,027	-	571,471
Other Revenues	99,645	5,784	1,506	106,935
Total Operating Revenues	2,544,856	7,317	33,163	2,585,336
Operating Expenses:				
Salaries and Wages	1,305,294	-	-	1,305,294
Services and Supplies	792,352	7,825	-	800,177
Mortgage Assistance Payments	-	-	33,163	33,163
Bond and COP Interest	26,893	-	-	26,893
Depreciation and Amortization	129,479	-	-	129,479
Other Expenses	-	29	-	29
Total Operating Expenses	2,254,018	7,854	33,163	2,295,035
Operating Income (Loss)	290,838	(537)	-	290,301
Nonoperating Revenues (Expenses):				
Investment Income	3,402	299	-	3,701
Other	(11,876)	(84)	-	(11,960)
State Appropriations	33,448	-	-	33,448
Total Nonoperating Revenues (Expenses)	24,974	215	-	25,189
Income (Loss) Before Capital Contributions	315,812	(322)	-	315,490
Capital Contributions	4,791	-	-	4,791
Special and Extraordinary Items:				
Special Item	-	(1,572,278)	-	(1,572,278)
Total Special and Extraordinary Items	-	(1,572,278)	-	(1,572,278)
Change in Net Position	320,603	(1,572,600)	-	(1,251,997)
Net Position - Beginning	2,376,096	1,649,138	-	4,025,234
Prior Period Adjustments	(180,230)	-	-	(180,230)
Net Position - Beginning - As Restated	2,195,866	1,649,138	-	3,845,004
Net Position - Ending	$ 2,516,469	$ 76,538	$ -	$ 2,593,007

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Statistical Section

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Statistical Section
Index

This part of the State of Oregon's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the State's financial performance has changed over time.

Schedule 1	Net Position by Component
Schedule 2	Changes in Net Position
Schedule 3	Fund Balance – Governmental Funds
Schedule 4	Changes in Fund Balance – Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the State's most significant revenue source, personal income taxes.

Schedule 5	Personal Income by Industry
Schedule 6	Personal Income Tax Rates
Schedule 7	Personal Income Tax Filers and Tax Liability by Income Level

Debt Capacity

These schedules present information concerning the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

Schedule 8	Outstanding Debt by Type
Schedule 9	Ratios of General Bonded Debt Outstanding
Schedule 10	Legal Debt Margin Calculation
Schedule 11	Legal Debt Margin Information
Schedule 12	Pledged Revenues

Demographic and Economic Information

These schedules provide demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Schedule 13	Demographic and Economic Indicators
Schedule 14	Employment by Industry

Operating Information

These schedules present operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Schedule 15	Government Employees
Schedule 16	Operating Indicators and Capital Asset Information by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

Schedule 1
NET POSITION BY COMPONENT
Last Ten Fiscal Years (In Thousands)
(Accrual Basis of Accounting)

	2006	2007	2008	2009
Governmental Activities				
Net Investment in Capital Assets	$ 8,901,594	$ 8,696,793	$ 8,554,126	$ 9,094,498
Restricted	1,021,026	1,098,817	950,491	1,126,942
Unrestricted	1,116,586	1,077,586	954,809	(99,401)
Total Governmental Activities Net Position	$ 11,039,206	$ 10,873,196	$ 10,459,426	$ 10,122,039
Business-type Activities				
Net Investment in Capital Assets	$ 594,247	$ 756,814	$ 807,968	$ 897,150
Restricted	2,857,577	2,998,195	3,177,420	2,399,089
Unrestricted	584,655	640,968	656,919	677,037
Total Business-type Activities Net Position	$ 4,036,479	$ 4,395,977	$ 4,642,307	$ 3,973,276
Primary Government				
Net Investment in Capital Assets	$ 9,495,841	$ 9,453,607	$ 9,362,094	$ 9,991,648
Restricted	3,878,603	4,097,012	4,127,911	3,526,031
Unrestricted	1,701,241	1,718,554	1,611,728	577,636
Total Primary Government Net Position	$ 15,075,685	$ 15,269,173	$ 15,101,733	$ 14,095,315

2010	2011	2012	2013	2014	2015
$ 8,672,407	$ 8,107,685	$ 8,888,097	$ 10,636,687	$ 9,982,055	$ 11,116,322
1,287,403	2,582,708	3,143,955	2,794,989	3,494,851	3,812,040
(82,337)	138,387	(840,528)	(1,488,172)	(1,077,265)	(3,243,523)
$ 9,877,473	$ 10,828,780	$ 11,191,524	$ 11,943,504	$ 12,399,641	$ 11,684,839
$ 977,224	$ 1,195,629	$ 1,383,060	$ 1,383,562	$ 1,443,136	$ 633,944
556,589	670,672	505,991	549,486	578,740	311,509
2,201,451	2,378,452	2,778,815	3,084,564	3,613,692	3,205,302
$ 3,735,264	$ 4,244,753	$ 4,667,866	$ 5,017,612	$ 5,635,568	$ 4,150,755
$ 9,649,631	$ 9,303,314	$ 10,271,157	$ 12,020,249	$ 11,425,191	$ 11,750,266
1,843,992	3,253,380	3,649,946	3,344,475	4,073,591	4,123,549
2,119,114	2,516,839	1,938,287	1,596,392	2,536,427	(38,221)
$ 13,612,737	$ 15,073,533	$ 15,859,390	$ 16,961,116	$ 18,035,209	$ 15,835,594

Schedule 2
CHANGES IN NET POSITION
Last Ten Fiscal Years (In Thousands)
(Accrual Basis of Accounting)

	2006	2007	2008	2009
Expenses				
Governmental activities:				
Education	$ 3,622,117	$ 3,761,800	$ 4,174,928	$ 4,224,991
Human Services	4,873,613	4,814,964	5,316,540	6,057,047
Public Safety	1,008,285	1,023,202	1,183,931	1,185,507
Economic and Community Development	311,713	335,103	355,133	397,032
Natural Resources	541,084	580,778	613,329	658,553
Transportation	1,598,419	1,709,786	2,251,391	2,249,632
Consumer and Business Services	394,886	340,266	461,015	408,803
Administration	640,561	467,931	570,903	470,583
Legislative	29,602	36,660	39,142	44,683
Judicial	271,714	286,460	311,828	307,916
Interest on Long-term Debt	242,664	265,100	315,530	297,308
Total governmental activities expenses	13,534,658	13,622,050	15,593,670	16,302,055
Business-type activities:				
Housing and Community Services	93,288	98,683	100,706	91,010
Veterans' Loan	49,730	53,279	46,652	26,855
Lottery Operations	525,277	564,110	573,203	537,332
Unemployment Compensation	535,190	546,970	687,363	1,875,259
University System	1,858,254	1,893,227	1,808,424	1,948,793
State Hospitals	166,810	184,513	203,818	215,576
Liquor Control	263,725	284,298	307,380	314,563
Other Business-type Activities	76,804	76,911	75,134	87,977
Total business-type activities expenses	3,569,078	3,701,991	3,802,680	5,097,365
Total primary government expenses	$ 17,103,736	$ 17,324,041	$ 19,396,350	$ 21,399,420
Program Revenues				
Governmental activities:				
Charges for Services:				
Human Services	$ 298,666	$ 215,222	$ 230,058	$ 250,524
Public Safety	70,979	48,170	67,869	94,613
Natural Resources	284,857	325,638	300,685	282,380
Transportation	108,552	104,830	153,423	138,400
Consumer and Business Services	202,305	239,561	258,299	313,602
Administration	214,866	230,328	282,977	111,537
Judicial	130,549	132,447	136,327	158,736
Other governmental activities	26,909	32,829	32,467	28,662
Operating Grants and Contributions	4,952,825	5,097,007	5,162,489	6,017,307
Capital Grants and Contributions	14,992	21,718	27,611	86,563
Total governmental activities program revenues	6,305,500	6,447,750	6,652,205	7,482,324

2010	2011	2012	2013	2014	2015
$ 4,303,106	$ 3,979,440	$ 4,061,791	$ 3,883,592	$ 4,420,704	$ 4,693,469
6,861,998	7,535,059	8,186,498	8,459,678	9,880,251	11,556,800
1,199,579	1,180,405	1,235,617	1,256,086	1,300,085	1,179,299
455,453	480,196	416,683	423,191	385,464	375,497
593,122	629,222	619,535	637,929	724,185	661,438
1,858,705	1,566,210	1,394,815	1,407,506	1,555,822	1,437,587
463,489	424,534	263,541	403,725	283,039	204,614
474,624	376,821	349,555	305,791	404,182	684,677
33,012	37,801	34,839	40,828	37,234	39,621
308,574	313,886	326,803	311,401	340,313	331,253
299,467	351,713	367,826	331,531	347,010	321,032
16,851,129	16,875,287	17,257,503	17,461,258	19,678,289	21,485,287
84,337	78,194	75,879	67,918	56,473	49,422
19,685	19,365	18,628	-	-	-
518,076	510,401	534,018	494,337	493,652	522,185
3,020,372	2,306,502	1,729,355	1,236,639	831,914	573,992
2,003,668	2,146,867	2,300,493	2,412,100	2,505,392	351,959
222,311	248,072	270,793	253,960	278,804	269,549
312,980	325,410	344,540	367,141	384,491	400,683
89,505	269,217	268,659	324,463	306,212	362,326
6,270,934	5,904,028	5,542,365	5,156,558	4,856,938	2,530,116
$ 23,122,063	$ 22,779,315	$ 22,799,868	$ 22,617,816	$ 24,535,227	$ 24,015,403
$ 237,722	$ 289,686	$ 531,658	$ 639,524	$ 615,829	$ 581,530
75,511	80,842	141,432	59,551	85,549	67,756
313,587	285,394	306,336	301,196	335,198	337,857
115,507	138,383	140,219	147,234	171,154	161,937
276,359	270,467	69,000	124,698	126,482	114,971
107,625	115,365	96,006	91,626	92,358	130,508
145,548	185,523	99,052	197,966	33,722	131,951
37,507	38,068	42,502	63,009	44,347	87,253
7,691,076	8,324,841	7,400,703	7,816,666	9,055,464	10,371,663
45,398	97,682	37,134	30,663	17,766	17,615
9,045,840	9,826,251	8,864,042	9,472,133	10,577,869	12,003,041

(continued on next page)

Schedule 2
CHANGES IN NET POSITION
Last Ten Fiscal Years (In Thousands)
(Accrual Basis of Accounting)
(continued from previous page)

	2006	2007	2008	2009
Business-type activities:				
Charges for Services:				
Lottery Operations	1,093,196	1,203,821	1,229,486	1,100,228
Unemployment Compensation	758,350	676,838	638,186	662,346
University System	860,042	887,183	954,039	1,003,897
Liquor Control	349,454	379,741	406,421	418,559
Other Business-type Activities	192,481	217,402	213,758	236,151
Operating Grants and Contributions	803,972	891,998	664,179	1,064,383
Capital Grants and Contributions	-	-	-	87,425
Total business-type activities program revenues	4,057,495	4,256,983	4,106,069	4,572,989
Total primary government program revenues	$ 10,362,995	$ 10,704,733	$ 10,758,274	$ 12,055,313
Net (Expense)/Revenue				
Governmental activities	$ (7,229,158)	$ (7,174,300)	$ (8,941,465)	$ (8,819,731)
Business-type activities	488,417	554,992	303,389	(524,376)
Total primary government net expense	$ (6,740,741)	$ (6,619,308)	$ (8,638,076)	$ (9,344,107)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Personal Income Taxes	$ 5,404,020	$ 4,486,068	$ 6,102,900	$ 5,182,743
Corporate Income Taxes	443,425	518,260	448,010	253,685
Tobacco Taxes	254,836	276,419	254,524	250,243
Healthcare Provider Taxes	131,371	128,199	154,460	143,535
Inheritance Taxes	N/A	81,068	116,186	77,622
Public Utilities Taxes	N/A	84,455	89,621	88,295
Insurance Premium Taxes	N/A	55,463	42,721	46,952
Other Taxes	419,786	106,101	123,907	140,726
Motor Fuels and Other Vehicle Taxes	N/A	N/A	N/A	N/A
Motor Fuels Taxes	417,916	416,792	413,858	399,048
Weight Mile Taxes	266,221	256,000	237,296	210,055
Vehicle Registration Taxes	207,581	205,205	201,245	185,202
Workers' Compensation Insurance Taxes	N/A	47,745	40,733	36,635
Employer-Employee Taxes	281,974	77,504	76,576	71,119
Unrestricted Investment Earnings	37,934	90,210	81,815	17,717
Contributions to Permanent Fund	-	4,192	-	259
Capital Contributions	1,473	2,853	4,482	-
Special Items	-	-	-	-
Transfers	124,307	214,557	154,510	157,663
Total governmental activities	7,990,844	7,051,091	8,542,844	7,261,499
Business-type activities:				
Other Taxes	14,851	15,203	16,086	16,340
Capital Contributions	855	3,615	71,716	-
Additions to Permanent Endowments	2,580	70	-	-
Special Items	-	-	-	-
Transfers	(124,307)	(214,557)	(154,510)	(157,663)
Total business-type activities	(106,021)	(195,669)	(66,708)	(141,323)
Total primary government	$ 7,884,823	$ 6,855,422	$ 8,476,136	$ 7,120,176
Change in Net Position				
Governmental activities	$ 761,686	$ (123,209)	$ (398,621)	$ (1,558,232)
Business-type activities	382,396	359,323	236,681	(665,699)
Total primary government	$ 1,144,082	$ 236,114	$ (161,940)	$ (2,223,931)

2010	2011	2012	2013	2014	2015
1,027,735	1,038,805	1,050,315	1,069,064	1,052,945	1,117,175
859,790	1,022,592	1,083,438	1,092,890	1,064,234	1,009,913
1,156,843	1,288,143	1,356,609	1,438,948	1,527,836	156,824
425,374	443,120	470,421	502,919	524,218	550,405
267,585	431,470	436,945	452,345	428,344	475,414
2,238,266	1,986,426	1,621,254	1,139,888	851,199	181,961
108,257	60,081	36,770	60,048	158,927	7,584
6,083,850	6,270,637	6,055,752	5,756,102	5,607,703	3,499,276
$ 15,129,690	$ 16,096,888	$ 14,919,794	$ 15,228,235	$ 16,185,572	$ 15,502,317
$ (7,805,289)	$ (7,049,036)	$ (8,393,461)	$ (7,989,125)	$ (9,100,420)	$ (9,482,246)
(187,084)	366,609	513,387	599,544	750,765	969,160
$ (7,992,373)	$ (6,682,427)	$ (7,880,074)	$ (7,389,581)	$ (8,349,655)	$ (8,513,086)
$ 4,958,569	$ 5,597,821	$ 5,901,448	$ 6,320,497	$ 6,596,708	$ 7,292,582
387,639	502,862	440,444	463,012	506,889	595,327
250,135	258,453	249,388	254,483	260,882	266,831
192,077	233,826	423,951	414,267	485,584	569,831
91,845	80,482	102,351	99,318	N/A	N/A
80,790	71,939	72,310	85,781	N/A	N/A
70,291	90,085	94,583	103,251	85,196	58,193
144,931	119,882	156,256	186,038	380,783	384,585
N/A	N/A	N/A	N/A	1,053,611	1,096,505
406,179	449,462	492,188	487,308	N/A	N/A
208,573	240,056	260,091	251,518	N/A	N/A
245,699	275,344	281,799	282,857	N/A	N/A
30,065	34,942	53,669	50,242	54,126	54,957
65,977	69,429	71,977	72,861	91,343	91,232
3,193	3,306	11,157	4,917	5,516	7,374
288	14	76	228	297	518
-	-	-	-	-	-
-	-	-	-	-	(3,276)
129,016	(62,910)	125,915	107,437	133,008	285,417
7,265,267	7,964,993	8,737,603	9,184,015	9,653,943	10,700,076
16,754	16,204	16,893	16,388	17,584	17,689
-	-	-	-	-	-
-	-	159	241	776	-
-	-	-	-	-	(1,956,089)
(129,016)	62,910	(125,915)	(107,437)	(133,008)	(285,417)
(112,262)	79,114	(108,863)	(90,808)	(114,648)	(2,223,817)
$ 7,153,005	$ 8,044,107	$ 8,628,740	$ 9,093,207	$ 9,539,295	$ 8,476,259
$ (540,022)	$ 915,957	$ 344,142	$ 1,194,890	$ 553,523	$ 1,217,830
(299,346)	445,723	404,524	508,736	636,117	(1,254,657)
$ (839,368)	$ 1,361,680	$ 748,666	$ 1,703,626	$ 1,189,640	$ (36,827)

Schedule 3
FUND BALANCE – GOVERNMENTAL FUNDS
Last Ten Fiscal Years (In Thousands)
(Modified Accrual Basis of Accounting)

Reserved Balances

	2006	2007	2008
General Fund			
Reserved	$ 86,253	$ 70,317	$ 202,823
Unreserved	736,196	113,579	1,095
Total General Fund	$ 822,449	$ 183,896	$ 203,918
All Other Governmental Funds			
Reserved	$ 823,590	$ 953,764	$ 1,180,823
Unreserved, reported in:			
Special revenue funds	2,640,061	3,658,675	3,446,971
Capital projects fund	118,136	47,930	23,218
Permanent fund	6,757	6,691	8,067
Total all other governmental funds	$ 3,588,544	$ 4,667,060	$ 4,659,079

Restricted Balances

	2011	2012	2013
General Fund			
Nonspendable	$ 79,891	$ 33,361	$ 20,361
Restricted	36,882	109,458	106,241
Committed	10,400	61,534	83,083
Assigned	7,864	-	-
Unassigned	109,117	(162,867)	574,197
Total General Fund	$ 244,154	$ 41,486	$ 783,882
All Other Governmental Funds			
Nonspendable	$ 195,575	$ 82,991	$ 76,641
Restricted	3,974,045	3,988,266	3,582,344
Committed	503,597	545,040	515,440
Assigned	29,146	37,476	20,164
Unassigned	-	-	(46,516)
Total all other governmental funds	$ 4,702,363	$ 4,653,773	$ 4,148,073

Note: Due to changes in the State's fund structure with the implementation of GASB Statement No. 54, fund balance information beginning with 2011 is no longer comparable to previous years. See Note 1 for additional information.

2009	2010
$ 29,040	$ 35,403
(333,796)	(542,747)
$ (304,756)	$ (507,344)
$ 1,082,369	$ 1,429,016
3,523,322	3,544,868
130,498	50,420
3,788	4,984
$ 4,739,977	$ 5,029,288

2014	2015
$ 24,430	$ 20,139
255,539	358,784
92,978	226,081
1,327	5,164
394,999	675,921
$ 769,273	$ 1,286,089
$ 60,728	$ 68,229
4,132,949	4,452,289
586,296	614,287
23,298	24,444
(18,237)	(3,788)
$ 4,785,034	$ 5,155,461

Schedule 4
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
Last Ten Fiscal Years (In Thousands)
(Modified Accrual Basis of Accounting)

	2006	2007	2008	2009
Revenues				
Taxes	$ 7,839,265	$ 6,783,293	$ 8,259,483	$ 7,004,715
Licenses and Fees	389,766	407,044	438,508	450,855
Federal	4,661,448	4,670,353	4,973,781	6,044,251
Rebates and Recoveries	N/A	N/A	N/A	N/A
Charges for Services	228,606	249,069	307,778	269,196
Fines, Forfeitures, and Penalties	89,559	101,714	100,175	87,915
Rents and Royalties	16,387	15,092	18,185	15,779
Investment Income	253,152	438,158	168,314	(95,131)
Sales	128,945	127,808	125,282	107,427
Assessments	N/A	N/A	N/A	N/A
Donations and Grants	20,637	33,525	36,940	71,339
Contributions to Permanent Funds	-	4,192	-	259
Tobacco Settlement Proceeds	67,145	70,281	90,297	98,078
Foreclosure Settlement Proceeds	N/A	N/A	N/A	N/A
Pension Bond Debt Service Assessments	119,778	120,139	121,035	4,509
Unclaimed and Escheat Property Revenue	-	-	-	-
Other	360,081	328,888	354,518	345,339
Total Revenues	14,174,769	13,349,556	14,994,296	14,404,531
Expenditures				
Education	3,620,721	3,762,869	4,174,922	4,224,170
Human Services	4,877,485	4,825,597	5,347,990	6,120,267
Public Safety	984,969	1,016,728	1,175,881	1,170,452
Economic and Community Development	309,614	333,064	354,396	397,936
Natural Resources	538,831	603,695	629,624	658,484
Transportation	1,461,987	1,656,189	1,636,160	1,709,819
Consumer and Business Services	381,576	424,068	466,917	480,212
Administration	626,743	436,933	526,691	417,348
Legislative	29,381	35,711	37,456	39,977
Judicial	270,927	288,445	311,716	317,665
Capital Improvements/Construction	114,088	123,885	78,195	90,695
Debt Service:				
Principal	131,702	136,294	179,171	229,599
Interest	238,247	259,986	306,488	288,892
Other Debt Service	4,823	5,588	2,320	8,162
Total Expenditures	13,591,094	13,909,052	15,227,927	16,153,678
Excess of Revenues Over (Under) Expenditures	583,675	(559,496)	(233,631)	(1,749,147)
Other Financing Sources (Uses)				
Transfers from Other Funds	1,655,297	2,212,181	2,215,963	2,407,080
Transfers to Other Funds	(1,530,001)	(1,997,976)	(2,058,113)	(2,216,338)
Insurance Recoveries	1,432	3,718	4,046	5,002
Debt Issued	586,744	786,524	99,721	1,166,080
Refunding Debt Issued	29,610	200,745	14,310	33,997
Leases Incurred	-	-	134	17
Refunded Debt Payment to Escrow Agent	(38,777)	(210,383)	(15,036)	(35,261)
Total Other Financing Sources (Uses)	704,305	994,809	261,025	1,360,577
Special Items	-	-	-	-
Net Change in Fund Balances	$ 1,287,980	$ 435,313	$ 27,394	$ (388,570)
Debt service as a percentage of noncapital expenditures	2.84%	3.03%	3.24%	3.27%

2010	2011	2012	2013	2014	2015
$ 7,123,205	$ 7,952,882	$ 8,570,880	$ 8,969,867	$ 9,542,069	$ 10,460,831
486,159	515,591	470,480	462,233	495,774	504,355
7,413,272	7,971,721	7,251,929	7,480,379	8,623,136	10,166,298
N/A	N/A	N/A	N/A	292,805	342,598
275,885	289,562	372,361	356,418	250,738	229,578
88,718	81,049	137,354	119,942	107,326	120,574
14,428	14,930	15,645	16,258	17,293	17,312
198,153	270,265	51,831	191,017	274,861	103,132
106,400	97,178	91,906	105,796	124,071	126,601
N/A	N/A	N/A	N/A	N/A	37,185
24,552	57,757	24,135	32,694	44,372	50,342
288	14	76	227	297	518
82,327	77,426	78,940	78,909	86,924	76,600
N/A	N/A	25,253	-	-	-
6,216	5,608	5,681	6,196	N/A	N/A
13,716	50,827	15,308	22,057	24,360	18,214
298,061	342,268	440,679	429,523	281,831	222,011
16,131,380	17,727,078	17,552,458	18,271,516	20,165,857	22,476,149
4,304,099	3,978,423	4,062,244	3,884,393	4,421,231	4,702,795
7,031,421	7,716,623	8,268,743	8,544,692	9,959,458	11,626,788
1,177,382	1,158,601	1,219,852	1,241,057	1,289,232	1,281,050
456,169	483,292	416,395	420,351	384,392	392,966
600,470	656,626	623,461	647,606	685,357	750,784
1,898,077	1,956,722	1,569,039	1,694,679	1,698,418	1,763,595
446,994	463,899	281,556	269,701	299,925	288,066
435,164	399,918	343,256	348,600	341,549	715,932
32,036	36,058	33,289	39,405	36,319	42,923
310,468	317,297	336,099	318,209	346,710	367,669
121,440	127,409	129,337	88,583	73,976	66,071
264,679	300,823	331,581	357,106	330,745	324,485
315,650	354,718	350,874	338,645	339,476	322,091
9,248	4,961	6,817	3,440	4,759	10,032
17,403,297	17,955,370	17,972,543	18,196,467	20,211,547	22,655,247
(1,271,917)	(228,292)	(420,085)	75,049	(45,690)	(179,098)
2,450,401	2,813,236	2,361,835	2,809,301	2,223,916	2,434,341
(2,277,548)	(2,607,036)	(2,232,819)	(2,679,360)	(2,054,506)	(2,024,246)
2,476	3,140	676	2,224	1,839	2,502
1,058,693	425,955	265,197	155,311	596,488	740,191
106,354	112,876	502,389	212,319	266,635	1,146,120
558	18	-	-	-	-
(182,531)	(129,074)	(574,833)	(246,543)	(266,425)	(1,377,597)
1,158,403	619,115	322,445	253,252	767,947	921,311
-	-	-	-	-	(3,054)
$ (113,514)	$ 390,823	$ (97,640)	$ 328,301	$ 722,257	$ 739,159
3.55%	3.85%	3.95%	3.99%	3.42%	2.95%

Schedule 5
PERSONAL INCOME BY INDUSTRY
Last Ten Calendar Years
(In Thousands)

	2005	2006	2007	2008
Farm earnings	$ 1,250,629	$ 1,326,237	$ 1,398,160	$ 1,126,636
Forestry, fishing, and related activities	1,115,763	1,156,980	1,124,842	1,119,686
Mining	144,847	167,144	160,593	159,570
Utilities	491,039	572,400	569,081	664,428
Construction	6,420,273	7,435,599	7,612,278	7,016,427
Manufacturing	12,892,160	13,556,359	13,852,150	13,698,638
Wholesale trade	5,792,164	6,222,178	6,549,658	6,557,963
Retail trade	6,737,687	7,206,140	7,372,641	6,963,801
Transportation and warehousing	3,234,790	3,441,941	3,469,654	3,335,123
Information	2,423,684	2,631,118	2,882,471	3,001,074
Finance and insurance	4,520,109	4,870,200	4,920,966	4,770,061
Real estate, rental, and leasing	1,780,851	1,805,068	1,540,823	1,682,923
Professional, scientific, and technical	5,594,184	6,117,682	6,537,017	7,171,781
Management of companies	2,435,334	2,715,441	2,999,767	3,056,207
Administrative & waste mgmt. services	3,238,246	3,574,443	3,673,472	3,695,485
Educational services	1,004,258	1,108,201	1,127,015	1,213,697
Health care and social assistance	9,621,072	10,407,280	11,023,762	11,908,797
Arts, entertainment, and recreation	697,563	742,834	800,828	808,841
Accommodation and food services	2,953,539	3,163,860	3,319,704	3,333,396
Other services	3,557,859	3,865,884	3,913,894	3,754,298
Federal government, civilian	2,342,643	2,388,378	2,463,170	2,564,707
Military	477,069	449,638	453,307	485,682
State government	3,249,258	3,191,342	3,392,571	3,681,699
Local government	9,152,997	9,040,549	9,580,606	10,187,679
Other[1]	26,062,878	29,659,108	31,957,633	36,541,630
Total personal income	$ 117,190,896	$ 126,816,004	$ 132,696,063	$ 138,500,229
Overall effective tax rate[2]	5.7%	5.7%	5.7%	5.5%

[1] Includes income from all sources other than wages, salaries, tips, etc.

[2] Overall effective tax rate equals tax as a percentage of adjusted gross income (AGI). Overall effective tax rate for 2014 will not be available until May 2016.

Source: US Department of Commerce, Bureau of Economic Analysis and the Oregon Department of Revenue.

2009	2010	2011	2012	2013	2014
$ 1,020,258	$ 952,993	$ 1,106,882	$ 1,453,770	$ 1,455,226	$ 1,780,404
1,033,218	1,133,575	1,133,932	1,319,832	1,368,735	1,457,924
124,008	127,685	171,408	167,523	148,917	153,806
626,797	627,395	648,077	646,165	662,568	705,854
5,833,580	5,387,772	5,506,142	5,971,632	6,328,284	6,968,293
11,814,637	12,215,504	13,022,099	14,067,651	14,274,088	14,901,843
6,087,143	6,182,016	6,491,346	6,897,528	5,889,332	6,081,679
6,646,828	6,753,286	6,898,753	7,242,554	7,489,658	7,749,785
3,075,251	3,064,178	3,228,953	3,389,012	3,446,695	3,616,702
2,861,969	2,747,981	2,840,569	2,983,968	3,025,379	3,109,562
4,691,810	4,731,821	4,745,487	5,037,615	5,173,988	5,263,405
1,604,931	1,571,498	1,637,940	1,588,163	1,905,917	2,003,663
6,728,012	6,771,326	7,315,885	7,846,205	8,094,700	8,700,823
2,868,396	2,810,236	2,945,770	3,095,782	4,794,641	5,156,278
3,402,719	3,414,186	3,568,606	3,872,152	3,970,293	4,259,458
1,299,234	1,337,583	1,400,431	1,550,687	1,564,870	1,590,303
12,168,472	12,598,136	12,949,552	13,510,488	13,861,078	14,369,335
766,545	802,933	795,553	896,639	917,367	952,446
3,143,284	3,214,275	3,385,987	3,703,961	3,856,231	4,098,391
3,642,958	3,689,043	3,784,679	4,065,231	4,076,632	4,290,020
2,624,514	2,741,984	2,765,722	2,762,330	2,726,770	2,761,011
551,319	539,235	509,568	477,452	460,229	434,238
4,003,710	3,898,415	4,099,951	4,132,206	4,408,871	4,648,017
10,796,963	11,171,514	11,514,542	11,429,666	11,812,416	12,231,926
37,370,059	38,847,092	42,615,904	44,262,880	43,156,165	46,367,670
$ 134,786,615	$ 137,331,662	$ 145,083,738	$ 152,371,092	$ 154,869,050	$ 163,652,836
5.5%	5.6%	5.6%	5.7%	5.8%	N/A

Schedule 6
PERSONAL INCOME TAX RATES
Last Ten Calendar Years

Year	Top Rate	Top Income Tax Rate is Applied to Taxable Income in Excess of: Single & Married Filing Separately	Top Income Tax Rate is Applied to Taxable Income in Excess of: Married/RDP[1] Filing Jointly & Head of Household	Overall Effective Tax Rate[2]
2005	9.0%	6,650	13,300	5.7%
2006	9.0%	6,850	13,700	5.7%
2007	9.0%	7,150	14,300	5.7%
2008	9.0%	7,300	14,600	5.5%
2009	11.0%[3]	250,000	500,000	5.5%
2010	11.0%	250,000	500,000	5.6%
2011	11.0%	250,000	500,000	5.6%
2012	9.9%	125,000	250,000	5.7%
2013	9.9%	125,000	250,000	5.8%
2014	9.9%	125,000	250,000	N/A

[1] Registered Domestic Partners

[2] The overall effective tax rate equals tax as a percentage of adjusted gross income (AGI). The overall effective tax rate for 2014 will not be available until May 2016.

[3] The increases in the top tax rate and applicable taxable income level beginning in 2009 are the result of passage of Oregon Measure 66 in January 2010. For tax year beginning 2012, the tax rate on households with income above $250,000 (above $125,000 for single filers) drops to 9.9 percent.

Source: Oregon Department of Revenue

Schedule 7
PERSONAL INCOME TAX FILERS AND TAX LIABILITY BY INCOME LEVEL
Calendar Years 2004 and 2013
(Dollars In Thousands)

2004

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$500,001 and higher	5,825	0.35%	$ 596,651	14.05%
$100,001–$500,000	127,475	7.71%	1,367,966	32.22%
$80,001–$100,000	89,162	5.39%	459,934	10.83%
$60,001–$80,000	154,581	9.35%	572,920	13.50%
$40,001–$60,000	243,878	14.75%	595,582	14.03%
$20,001–$40,000	389,986	23.59%	494,880	11.66%
$10,001–$20,000	280,462	16.97%	126,443	2.98%
$10,000 and lower	361,834	21.89%	30,828	0.73%
Total	1,653,203	100.00%	$ 4,245,204	100.00%

2013

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$500,001 and higher	8,783	0.47%	$ 844,159	14.28%
$100,001–$500,000	243,150	12.89%	2,612,066	44.19%
$80,001–$100,000	124,204	6.58%	597,211	10.10%
$60,001–$80,000	178,586	9.47%	625,680	10.59%
$40,001–$60,000	256,959	13.62%	603,673	10.21%
$20,001–$40,000	417,106	22.11%	488,952	8.27%
$10,001–$20,000	288,110	15.27%	114,410	1.94%
$10,000 and lower	369,540	19.59%	24,953	0.42%
Total	1,886,438	100.00%	$ 5,911,104	100.00%

Source: Oregon Department of Revenue

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. Tax year 2013 is the most current year available.

Schedule 8
OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(In Thousands)

	2006	2007	2008	2009
Governmental Activities				
General Obligation Bonds	$ 2,321,899	$ 2,334,620	$ 2,325,539	$ 2,361,621
Revenue Bonds	1,458,648	2,098,181	2,040,137	2,770,290
Certificates of Participation	1,090,086	1,090,193	1,081,694	1,283,559
General Appropriation Bonds	413,026	383,655	351,958	296,002
Capital Leases	3,464	2,949	2,480	1,899
Business-type Activities				
General Obligation Bonds	1,991,627	2,065,472	2,271,016	2,335,703
Revenue Bonds	1,694,009	1,672,267	1,761,874	1,669,920
Certificates of Participation	22,916	31,589	31,320	97,097
Capital Leases	490	335	164	137
Total Primary Government	$ 8,996,165	$ 9,679,261	$ 9,866,182	$ 10,816,228
Percentage of Personal Income[1]	7.09%	7.29%	7.12%	8.02%
Per Capita[1]	$ 2.45	$ 2.60	$ 2.62	$ 2.84

[1] Ratios are calculated using personal income and population data found in Schedule 13.

Note: Details regarding the State's debt can be found in Notes 9 and 10 of the financial statements. Amounts of outstanding debt for bonds and certificates of participation represent the outstanding principal, net of discounts, premiums, and other adjustments.

2010	2011	2012	2013	2014	2015
$ 2,333,486	$ 2,656,983	$ 2,977,322	$ 3,144,443	$ 3,193,894	$ 3,512,256
3,326,393	3,344,929	3,234,362	3,170,655	3,509,036	3,604,533
1,496,727	1,295,323	982,314	692,043	620,270	485,271
235,916	171,624	102,779	29,131	-	-
13,250	9,638	8,489	2,789	3,027	3,845
2,265,774	2,422,682	2,290,038	2,256,660	2,419,832	2,411,599
1,645,617	1,584,235	1,450,979	1,479,103	1,362,942	1,220,394
120,933	111,319	99,766	85,121	78,057	49,261
697	615	556	560	69	578
$ 11,438,793	$ 11,597,348	$ 11,146,605	$ 10,860,505	$ 11,187,127	$ 11,287,737
8.33%	7.99%	7.32%	7.01%	6.84%	6.48%
$ 2.98	$ 3.00	$ 2.86	$ 2.76	$ 2.82	$ 2.82

Schedule 9
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(In Thousands)

Year	General Obligation Bonds	Percentage of Personal Income[1]	Per Capita
2006	$ 4,313,526	3.40%	$ 1.18
2007	4,400,092	3.32%	1.18
2008	4,596,555	3.32%	1.22
2009	4,697,324	3.49%	1.23
2010	4,599,260	3.35%	1.20
2011	5,079,665	3.50%	1.31
2012	5,267,360	3.46%	1.35
2013	5,401,103	3.49%	1.38
2014	5,613,726	3.43%	1.41
2015	5,923,856	3.40%	1.48

[1] Ratios are calculated using personal income and population data found in Statistical Schedule 13.

Note: Details regarding the State's debt can be found in Notes 9 and 10 of the financial statements. Amounts of outstanding general bonded debt represent the outstanding principal, net of discounts, premiums, and other adjustments.

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Schedule 10
LEGAL DEBT MARGIN CALCULATION
For Fiscal Year 2015

	Constitutional/Statutory Provision	Constitutional Debt Limit[1]	Statutory Debt Limit
General Obligation Bonds			
General Purpose	Article XI Section 7	0.00%	$ -
State Highway	Article XI Section 7	1.00%	-
Veterans' Welfare	Article XI-A	8.00%	-
State Power Development	Article XI-D	1.50%	-
Forest Rehabilitation	Article XI-E	0.19%	-
Higher Education	Article XI-F(1) & XI-G	1.50%	-
Pollution Control[2]	Article XI-H/ORS 468.195	0.50%	260,000,000
Elderly and Disabled Housing	Article XI-I(2)	0.50%	-
Alternate Energy Projects	Article XI-J	0.50%	-
Oregon School Bond Guarantee	Article XI-K	0.50%	-
Oregon Opportunity Bonds (OHSU)[3]	Article XI-L/ORS 353.556	0.50%	261,495,000
Seismic Rehab-Public Education Buildings	Article XI-M	0.20%	-
Seismic Rehab-Emergency Service Building	Article XI-N	0.20%	-
Pension Obligation	Article XI-O	1.00%	-
General Purpose GO's	Article XI-Q	1.00%	-
Revenue Bonds			
Highway User Tax	ORS 367.620	0.00%	3,240,000,000
Single and Multi-Family Housing Programs	ORS 456.661	0.00%	2,500,000,000

[1] Percentages listed are of Real Market Value (RMV) of all taxable real property in the State, based on the January 1, 2014, RMV of $469,478,740,724.

[2] Issuance of Pollution Control bonds is limited by statute to $260 million at any one time.

[3] Bonds issued to finance capital costs of Oregon Health and Science University shall be in an aggregate principal amount that produces net proceeds in an amount that does not exceed $200 million plus the amount of any costs and expenses of issuing the bonds.

Source: Oregon State Treasury, Debt Management Division, and Oregon Constitution

Note: The legal debt limit for lottery revenue bonds is based on the requirement that unobligated net lottery proceeds be at least 400 percent of the maximum annual debt service on outstanding bonds, including the estimated debt service on proposed new bonds. The debt limit for lottery bonds is not a specific dollar amount; the limit varies based on changes in estimated net lottery proceeds and changes in estimated debt service on proposed new bonds. Therefore, lottery revenue bonds are not included in this schedule.

Legal Debt Limit	Amount Outstanding	Legal Debt Margin
$ 50,000	$ -	$ 50,000
4,694,787,407	-	4,694,787,407
37,558,299,258	280,165,468	37,278,133,790
7,042,181,111	-	7,042,181,111
880,272,639	-	880,272,639
7,042,181,111	2,018,972,995	5,023,208,116
260,000,000	43,088,402	216,911,598
2,347,393,704	85,416,355	2,261,977,349
2,347,393,704	-	2,347,393,704
2,347,393,704	-	2,347,393,704
261,495,000	119,339,957	142,155,043
938,957,481	32,075,232	906,882,249
938,957,481	23,569,660	915,387,821
4,694,787,407	1,835,375,000	2,859,412,407
4,694,787,407	1,485,852,714	3,208,934,693
$ 76,048,937,414	$ 5,923,855,783	$ 70,125,081,631

$ 3,240,000,000	$ 3,209,162,787	$ 30,837,213
2,500,000,000	959,383,076	1,540,616,924
$ 5,740,000,000	$ 4,168,545,863	$ 1,571,454,137

Schedule 11
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(In Thousands)

	2006	2007	2008	2009
General Obligation Bonds				
Debt limit	$ 60,648,799	$ 72,505,925	$ 83,591,921	$ 87,606,697
Total debt applicable to limit	4,313,526	4,400,092	4,596,555	4,697,324
Legal debt margin	$ 56,335,273	$ 68,105,833	$ 78,995,366	$ 82,909,373
Total debt applicable to the limit as a percentage of debt limit	7.11%	6.07%	5.50%	5.36%
Revenue Bonds				
Debt limit	$ 4,938,000	$ 4,938,000	$ 5,110,000	$ 5,950,000
Total debt applicable to limit	2,472,294	3,051,456	3,086,639	3,728,117
Legal debt margin	$ 2,465,706	$ 1,886,544	$ 2,023,361	$ 2,221,883
Total debt applicable to the limit as a percentage of debt limit	50.07%	61.80%	60.40%	62.66%

Source: Oregon State Treasury, Debt Management Division, and state agencies' disclosures.

Note: Amounts of outstanding debt applicable to the debt limit represent the outstanding principal, net of discounts, premiums and other adjustments.

2010	2011	2012	2013	2014	2015
$ 83,182,525	$ 81,105,231	$ 76,868,469	$ 74,668,862	$ 76,758,613	$ 76,048,937
4,599,259	5,079,665	5,267,360	5,401,103	5,613,726	5,923,856
$ 78,583,266	$ 76,025,566	$ 71,601,109	$ 69,267,759	$ 71,144,887	$ 70,125,081
5.53%	6.26%	6.85%	7.23%	7.31%	7.79%
$ 5,950,000	$ 5,950,000	$ 5,950,000	$ 5,750,000	$ 5,750,000	$ 5,740,000
4,229,615	4,196,478	4,048,627	3,958,765	4,242,316	4,168,546
$ 1,720,385	$ 1,753,522	$ 1,901,373	$ 1,791,235	$ 1,507,684	$ 1,571,454
71.09%	70.53%	68.04%	68.85%	73.78%	72.62%

Schedule 12
PLEDGED REVENUES
Last Ten Fiscal Years
(In Thousands)

Lottery Revenue Bonds

					Debt Service Requirements			
Year	Revenues	Expenses	Interest Earnings on GICs[1]	Net Revenues Available for Debt Service	Principal	Interest	Total	Coverage
2006	$1,092,446	$533,895	$ 3,536	$ 562,087	$ 47,670	$ 27,159	$ 74,829	7.51
2007	1,219,556	577,103	3,536	645,989	48,970	25,984	74,954	8.62
2008	1,262,601	583,829	3,533	682,305	56,795	33,714	90,509	7.54
2009	1,111,945	543,662	3,257	571,540	65,985	32,380	98,365	5.81
2010	1,033,880	517,196	3,156	519,840	73,051	51,802	124,853	4.16
2011	1,039,710	514,350	3,156	528,516	75,850	51,601	127,451	4.15
2012	1,068,050	539,942	3,123	531,231	77,635	57,150	134,785	3.94
2013	1,065,255	495,524	3,013	572,744	74,525	54,088	128,613	4.45
2014	1,058,749	500,390	2,739	561,098	72,310	54,310	126,620	4.43
2015	1,122,230	525,143	1,357	598,444	76,470	47,313	123,783	4.83

[1] In accordance with the bond indenture, interest earnings on Guaranteed Investment Contracts (GICs) have been included.

Source: Oregon State Lottery financial statements and the Oregon Department of Administrative Services, Chief Financial Office.

Lottery Bonds are secured by future unobligated net lottery proceeds. For additional information, see Note 12.

Highway User Tax Revenue Bonds

		Debt Service Requirements			
Year	Pledged Revenue	Principal	Interest	Total	Coverage
2006	$ 487,582	$ 14,040	$ 26,649	$ 40,689	11.98
2007	502,431	14,290	42,723	57,013	8.81
2008	487,125	34,405	60,155	94,560	5.15
2009	447,288	34,365	58,287	92,652	4.83
2010	501,808	41,805	70,020	111,825	4.49
2011	593,995	47,720	103,837	151,557	3.92
2012	566,923	52,070	98,173	150,243	3.77
2013	555,971	56,705	91,187	147,892	3.76
2014	578,008	58,340	100,325	158,665	3.64
2015	588,295	70,020	99,528	169,548	3.47

Source: Highway User Tax Bond official statements and the Oregon Department of Transportation.

Highway User Tax Revenue Bonds are secured by a pledge of motor fuels, weight-mile, and vehicle registration taxes.

Note: The State also issues revenue bonds that are primarily paid using loan repayments. Schedules for these bonds are not presented because an association of net revenues with debt service requirements is not meaningful.

Schedule 13
DEMOGRAPHIC AND ECONOMIC INDICATORS
Last Ten Calendar Years

Year	Population	Personal Income[1]	Per Capita Personal Income	Unemployment Rate
2006	3,670,883	$ 126,816,004	$ 34,546	5.3%
2007	3,722,417	132,696,063	35,648	5.2%
2008	3,768,748	138,500,229	36,750	6.5%
2009	3,808,600	134,786,615	35,390	11.3%
2010	3,837,083	137,331,662	35,791	10.6%
2011	3,867,644	145,083,738	37,512	9.5%
2012	3,898,684	152,371,092	39,083	8.8%
2013	3,928,068	154,869,050	39,426	7.9%
2014	3,970,239	163,652,836	41,220	6.9%
2015	4,009,000	174,300,000	43,477	5.8%

[1] Personal income presented in thousands.

Source: Population and personal income figures for 2006 through 2014 were supplied by the US Department of Commerce, Bureau of Economic Analysis. The unemployment rates for all years are annual averages and were provided by the Oregon Employment Department.

Population and personal income estimates for 2015 were provided by the Oregon Office of Economic Analysis.

Schedule 14
EMPLOYMENT BY INDUSTRY
Calendar Year 2014 and Nine Years Prior

	2005		2014	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Farm employment	67,897	3.09%	61,967	2.68%
Forestry, fishing, and related activities	29,578	1.34%	32,921	1.42%
Mining	3,521	0.16%	6,236	0.27%
Utilities	5,051	0.23%	4,814	0.21%
Construction	132,102	6.00%	114,184	4.94%
Manufacturing	214,556	9.75%	197,303	8.54%
Wholesale trade	85,680	3.89%	80,327	3.48%
Retail trade	243,445	11.06%	242,136	10.48%
Transportation and warehousing	65,949	3.00%	67,916	2.94%
Information	40,672	1.85%	40,328	1.75%
Finance and insurance	83,523	3.80%	93,813	4.06%
Real estate, rental, and leasing	86,800	3.94%	98,945	4.28%
Professional and technical services	119,720	5.44%	147,616	6.39%
Management of companies	28,536	1.30%	41,254	1.79%
Administrative and waste services	120,170	5.46%	124,990	5.41%
Educational services	47,968	2.18%	58,111	2.52%
Health care and social assistance	224,324	10.19%	268,103	11.60%
Arts, entertainment, and recreation	46,529	2.11%	56,454	2.44%
Accommodation and food services	150,240	6.83%	172,960	7.49%
Other services	119,225	5.42%	122,343	5.30%
Federal government, civilian	29,674	1.35%	27,503	1.19%
Military	12,673	0.58%	11,927	0.52%
State government	68,548	3.11%	61,798	2.67%
Local government	174,274	7.92%	176,371	7.63%
Total employment	2,200,655	100.00%	2,310,320	100.00%

Source: US Department of Commerce, Bureau of Economic Analysis

Note: Due to confidentiality issues, the names of the ten principal employers are not available. The categories presented are intended to provide alternative information regarding the concentration of employment in various business sectors.

Schedule 15
GOVERNMENT EMPLOYEES
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Education	12,411	12,411	13,117	13,117	13,394	13,394	13,485	13,485	624	642
Human Services	9,200	9,200	9,753	9,753	11,145	11,145	11,478	11,379	11,694	11,671
Public Safety	8,187	8,187	9,021	9,021	9,069	9,069	8,562	8,532	8,615	8,618
Economic and Community Services	1,753	1,753	1,650	1,650	1,991	1,991	2,358	1,910	1,651	1,670
Natural Resources	4,272	4,272	4,367	4,367	4,332	4,332	4,304	4,288	4,338	4,348
Transportation	4,579	4,579	4,535	4,535	4,554	4,554	4,532	4,533	4,480	4,475
Consumer and Business Services	1,550	1,550	1,593	1,593	1,592	1,592	1,454	1,446	1,421	1,410
Administration	2,879	2,879	2,958	2,958	2,882	2,882	2,809	2,785	2,827	2,827
Legislative Branch	393	393	404	404	381	381	427	427	429	429
Judicial Branch	1,907	1,907	1,975	1,975	1,766	1,766	1,818	1,829	1,840	1,839
Total FTE Positions	47,131	47,131	49,373	49,373	51,106	51,106	51,227	50,614	37,919	37,929

Source: Department of Administrative Services, Chief Financial Office.

Note: The number of full time equivalent (FTE) positions is established in the legislatively adopted biennial budget. A distinction between governmental and business-type activities is not available.

In 2014, the Oregon University System was legislatively approved to act as a private entity and will no longer be included in the Education FTE figure.

Schedule 16
OPERATING INDICATORS AND CAPITAL ASSET INFORMATION BY FUNCTION
Last Ten Fiscal Years

	2006	2007	2008
Governmental Activities			
Education			
Number of PreK-12 students	559,215	562,828	566,067
Number of FTE community college students	91,401	91,456	94,587
Special education school campuses	2	2	2
Human Services			
Number of individuals eligible for Oregon Health Plan	381,343	365,940	386,662
Average number of basic TANF individuals	40,527	39,096	42,338
Public Safety			
Number of sworn state police officers	607	557	646
Prison inmate population	13,229	13,497	13,553
Number of correctional facilities	13	13	14
Economic and Community Development			
Community development grants provided (in dollars)	17,040,564	9,607,717	10,704,034
Number of technical assistance grants provided	8	3	6
Natural Resources			
Forest acres burned	11,458	54,104	7,860
State park day use visitors (in millions)	40.1	41.4	40.3
Acreage of state parks	97,340	97,447	97,446
Miles of forest roads	3,155	3,202	3,225
Transportation			
Licensed drivers (in millions)	3.0	3.1	3.1
Vehicle miles traveled on state highway system (in billions)	20.7	20.6	19.5
State highway system miles	7,420	7,416	7,415
Number of state owned bridges	2,676	2,666	2,671
Consumer and Business Services			
Number of employers covered by workers' compensation	96,800	98,700	98,300
Historic premiums written for all insurance lines (in billions)	16.2	17.4	17.9
Average bank and credit union assets (in billions)	46.0	58.7	40.7
Construction employment (in thousands)	100.8	104.2	94.2
Administration			
Number of tax returns filed	1,755,568	1,835,095	1,805,843
Percent of returns filed electronically	58.0%	62.0%	63.0%
Uniform rent square footage	1,810,942	1,896,185	1,904,531
Leased office space square footage	3,784,762	4,372,625	4,425,500
Number of motor pool vehicles	3,814	3,922	3,922
Legislative			
Number of bills introduced	-	2,744	87
Number of bills becoming law	-	909	54
Length of legislative session (in days)	1	171	19
Capitol building	1	1	1
Judicial			
Cases filed in circuit courts	602,896	605,753	610,334
Number of circuit court judges	173	173	173

Sources: Various state agencies

Note: Figures for 2014 and 2015 that are not available until a later date are indicated with N/A.

2009	2010	2011	2012	2013	2014	2015
564,064	561,698	561,331	560,951	563,714	567,100	570,857
105,149	121,815	124,988	117,653	117,233	104,339	97,362
2	1	1	1	1	1	1
426,578	495,872	590,406	619,994	672,210	971,104	1,050,178
48,321	54,994	61,768	70,881	74,313	70,046	60,188
604	660	773	610	606	606	719
13,925	14,021	14,026	14,186	14,578	14,632	14,706
14	14	14	14	14	14	14
2,791,056	15,065,341	8,093,200	12,496,300	17,299,550	18,590,649	20,287,281
5	4	4	5	6	5	1
7,000	6,065	2,272	17,396	103,836	53,018	87,793
40.1	41.2	40.0	40.4	42.1	43.2	47.6
100,379	103,474	105,684	108,613	108,654	108,499	109,587
3,255	3,305	3,377	3,400	3,432	3,456	3,488
3.1	3.0	3.0	3.0	3.1	3.1	N/A
19.8	19.7	19.4	19.4	19.5	19.8	N/A
7,422	7,415	7,403	7,401	7,401	7,399	N/A
2,681	2,693	2,703	2,709	2,717	2,725	2,726
94,800	93,900	99,900	101,400	100,300	107,400	N/A
17.7	17.2	17.5	18.0	19.7	19.5	N/A
42.0	40.5	39.1	44.0	45.0	56.6	N/A
74.1	67.7	68.6	69.9	73.6	79.4	N/A
1,768,397	1,791,680	1,824,788	1,846,257	1,886,438	N/A	N/A
67.0%	75.0%	79.0%	81.0%	83.0%	N/A	N/A
1,953,760	1,953,760	1,954,332	1,954,332	1,954,332	1,954,332	1,954,332
4,532,405	4,676,051	5,104,986	4,518,791	4,020,638	4,569,927	4,550,154
4,247	4,247	4,183	3,993	3,994	3,993	4,022
2,613	195	3,021	275	2,511	252	2,641
914	105	732	112	788	126	847
169	25	150	34	156	36	155
1	1	1	1	1	1	1
599,605	565,397	552,601	549,803	544,687	536,922	522,377
173	173	173	173	173	173	173

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Schedule 16
OPERATING INDICATORS AND CAPITAL ASSET INFORMATION BY FUNCTION
Last Ten Fiscal Years

(continued from previous page)

	2006	2007	2008
Business-Type Activities			
Housing and Community Services			
Number of low income single family home loans closed	1,149	1,195	1,850
Number of affordable rental units produced	608	522	1,003
Veterans' Loan			
Number of outstanding loans	6,612	5,672	4,883
Percent of delinquent loans	0.32%	0.25%	0.10%
Lottery Operations			
Number of retailers	3,579	3,691	3,785
Number of video terminals	11,125	11,831	12,205
Unemployment Compensation			
Number of claims paid	1,923,182	2,050,678	3,275,097
Amount of claims paid (in millions)	503.4	569.4	954.9
University System			
Total headcount enrollment	76,595	76,339	77,778
Degrees awarded	16,979	17,116	16,897
Number of university campuses	7	7	7
State Hospital System			
Number of mental health patient days served	284,265	282,993	284,640
Number of state owned hospital beds	781	790	788
Liquor Control			
Number of state retail outlets	243	241	242
Number of cases sold	2,295,797	2,431,531	2,551,732
Other Business-type Activities			
Number of residents in Oregon Veterans' Homes	135	140	140
Number of state owned parking spaces	4,507	4,656	4,665

2009	2010	2011	2012	2013	2014	2015
836	171	383	520	360	394	334
421	-	144	239	-	94	564
4,069	3,404	2,850	2,408	2,050	1,934	1,881
0.47%	0.73%	1.54%	1.45%	1.61%	1.45%	0.80%
3,855	3,916	3,901	3,907	3,848	3,843	3,939
12,365	12,344	12,202	12,175	12,037	11,951	11,925
8,422,488	8,762,507	6,764,818	5,035,594	3,552,320	1,762,202	N/A
2,688.4	2,704.1	1,953.0	1,489.8	1,067.4	561.7	N/A
82,868	87,968	91,345	92,925	93,657	94,129	94,011
16,944	17,920	18,694	20,209	20,830	21,359	21,429
7	7	7	7	7	7	7
268,052	247,104	232,892	226,104	231,355	222,776	218,127
756	709	719	771	685	727	786
240	243	247	249	248	248	248
2,572,865	2,573,935	2,676,106	2,791,591	2,911,100	2,955,352	3,021,190
138	144	140	140	144	140	155
4,568	4,545	4,544	4,484	4,742	4,605	4,616

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